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Clinton in '69: Mostly Typical, in a Most Untypical Time

Bush Denies Attacks Are McCarthyism

Compiled by Our Staff From Dispatches
WASHINGTON — President George Bush denied Friday that he was indulging in McCarthy-style red-baiting and said his questions about Bill Clinton's 1969-70 trip to Moscow and anti-war efforts pertained only to judgment and character.
But Mr. Clinton said Mr. Bush was pursuing a strategy "cooked up" by the far right, and the Democratic nominee's aides said their polls showed that the president's strategy was backfiring.

By Michael Kelly and David Johnston
New York Times Service
WASHINGTON — In the fall and winter of 1969, several important things happened in the life of a bright, ambitious young man named Bill Clinton.

Now, in the fall of 1992, with Mr. Clinton close to his goal, those who would stop him have turned their increasingly frightened attention to events 23 years ago, hoping to find in them something that will, in the end, convince voters that a change from President George Bush is not worth the risk of Mr. Clinton.

Mr. Clinton has tended to shade the edges of his life.
But above all, it shows how sharp the difference remains between Mr. Bush's world and Mr. Clinton's, between the clear moral absolutes of the generation of World War II and the muddled gropings of those who came of age during the Vietnam War.

apparently much lesser degree, organize a huge march on Washington on Oct. 15, 1969.
Yet, if Mr. Clinton appears to have minimized his activities, it also appears true that the Republicans are wrong to depict him as a major anti-war organizer or Communist sympathizer.

He became, in a small way, a figure within the anti-war movement, helping to organize one of the largest marches on Washington the movement ever produced and serving as a chief organizer of two small demonstrations in London. He took a trip through the Scandinavian countries, Russia and Czechoslovakia.

The story, as far as it is clear, of Mr. Clinton's anti-war activities in 1969 and what he and the Republicans alike are saying about those activities in 1992 is illustrative of several points about that time and this one.

The exact nature of Mr. Clinton's anti-war activities has been confused by both Republican exaggeration and Democratic obfuscation. But a basic outline seems clear.

No evidence has surfaced indicating that Mr. Clinton took part in any violent political actions or was an important anti-war organizer.
Many of those involved with him at the time recall him as something of a milquetoast by the standards of late 1960s radicalism, a young man driven by a desire to remake his country, not to reject it.

"I think it's a question of judgment and character," Mr. Bush said in a television interview Friday. "I want to make it very clear I am not challenging his patriotism."
The president said he could not understand how Mr. Clinton could have demonstrated against the Vietnam War while in England when he was a student at Oxford University in 1969-70.



MAJOR RALLIES TORIES — Prime Minister John Major acknowledging Conservative Party applause Friday. At left is his wife, Norma, and Chancellor of Exchequer Norman Lamont; at right, Michael Heseltine, trade and industry minister. Mr. Major vowed not to let Britain's identity sink into a federal Europe. Page 5.

"This is something I feel very strongly about," Mr. Bush said. "I think it's wrong as far as being commander-in-chief."
The president first mentioned Mr. Clinton's Moscow visit and anti-war activities on Wednesday in a televised interview, and said later he had "expressed what was on my mind."

With Danes Out Front, Europe Looks to Maastricht Alternatives

By Craig R. Whitney
New York Times Service
BONN — European Community countries moved closer Friday toward agreement on hedging a controversial treaty on monetary and political union with limits on the power of the Community's bureaucracy in Brussels.

The Danish government, beginning a national debate about what to do about a referendum that rejected the treaty last June, listed eight possible solutions. They ranged from Danish secession from the Community to ratifying the treaty but modifying it with "riders" acceptable to other members, but outside the text.

Britain has asked European leaders to consider a declaration accompanying the treaty that would also spell out the limits of supranational power. And Germany announced Thursday that it would leave the final decision on joining a common European currency to its legislature, though the treaty text does not explicitly give it the right to do so.

The Danish alternatives pointed out that all over Europe, citizens were demanding a greater say by their national and local elective bodies in Europe-wide laws and regulations, most of which they had no say in.

London Ties Airport Access to BA-USAir Merger

Reuters
LONDON — Britain will give U.S. airlines more access to its airways only if the proposed inkup between British Airways and USAir is approved, Transport Secretary John MacGregor told American aviation authorities Friday.
A Department of Transport spokesman said the U.K. has presented serious and detailed proposals for a program towards total liberalization of U.S.-U.K. air services.

He did not give details of the measures.
He said Mr. MacGregor had made clear to the U.S. government that the timing of the program depended on how U.S. authorities reacted to British Air's proposal for a \$750 million capital injection into USAir in exchange for a 44 percent equity stake.

They want the United States to demand open access to Heathrow International Airport in London before approving the BA pact.
For financially strapped airlines, the trans-Atlantic sector still is one of the most profitable sectors, and carriers are busily looking for alliances with others to offer better and more frequent services at lower cost to business-class travelers. Access to major airports is crucial.

voiced public opposition on Oct. 1 to the proposed accord.
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Two More Bombs Go Off in London

LONDON (Reuters) — Two devices, apparently car bombs, exploded in London on Friday night, one of them outside a club for former members of the armed services in a north London suburb, the fire brigade said.
The blasts follow a series of bombings in the capital carrier this week that the Irish Republican Army called a gesture of defiance against the annual conference of the ruling Conservative Party.

Republican Army called a gesture of defiance against the annual conference of the ruling Conservative Party.
The IRA, which is fighting British rule in Northern Ireland, carried out four car-bomb attacks since Wednesday in which six people were slightly injured.

Thyssen Museum: Can Spain Keep Its Art Bargain?

By Alan Riding
New York Times Service
MADRID — After five years of preparations and negotiations, one of the world's great private art collections has finally gone on display here, loaned to Spain by its owners, the Swiss billionaire Baron Hans Heinrich von Thyssen-Bornemisza de Kaszon and his family, until the year 2001.
The collection, which comprises about 800 works from the 13th to the 20th centuries, has been valued by Sotheby's at close to \$2 billion. Until now, most of the collection has been kept at the magnate's family mansion of Villa Favorita near Lugano in Switzerland.
With the elegant baron and his wife, Carmen Carver, hovering around like nervous parents, the Thyssen-Bornemisza Museum was inaugurated Thursday by King Juan Carlos I and opens to the public on Saturday. It is expected to receive a million visitors per year.
Housed in a renovated early 19th-century palace, the new museum stands just 100 yards from the Prado Museum, with its unique collection of paintings by Velazquez, Goya and El Greco, and a half-mile from the new Sofia Art Center.
Spanish officials hope the "golden triangle" of museums will enable Madrid to rival Paris as one of Europe's most important centers of attraction for art lovers. Baron Thyssen-Bornemisza has expressed interest in leaving his collection permanently in Spain, but no immediate decision is expected. The collection is particularly welcome here because it covers many genres — from German Renaissance to 19th-century American, from French Impressionism to Russian Constructivism — poorly represented in Spain.



Baron Thyssen-Bornemisza with his portrait by Lucian Freud in the new Madrid museum dedicated to the baron's collection.

Kiosk

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Willy Brandt Dies at 78, Architect of Ostpolitik

By David Binder
New York Times Service
Willy Brandt, whose life spanned the defeat of his German fatherland in two world wars and who was awarded the Nobel Peace Prize for his efforts to overcome the Cold War division of Europe, died Thursday. He was 78 years old and had been under treatment for cancer.
By the time of his death at this home in Unkel, outside Bonn, the Social Democratic leader had lived to see East and West Germany united and the Iron Curtain torn down.
His tenure as federal chancellor of West Germany from 1969 to 1974 was a turning point in the history of the German people, and he himself was a figure of conciliation in both the domestic and foreign policies of a divided nation.
Mr. Brandt's life was filled with drama. He was pursued by the Gestapo, denounced by Communists, came under fire as a reporter in the Spanish Civil War, and experienced underground adventures in wartime, three marriages, the love of other women, the heights of electoral triumph, the depths of political defeat.
He also came to symbolize a Germany of peace, tolerance and a measure of modesty —

qualities that had been erased from the image of Germans during the Hitler years.
"Das andere Deutschland" — the other Germany of Goethe, Kant, Schiller, Heine, and Beethoven — was what Mr. Brandt and other anti-Nazis saw themselves representing during the 12-year rule of Hitler, Himmler, Goebbels and Göring.
His major achievements began in 1970. Supported by only the thinnest of parliamentary majorities, he guided West Germany through arduous negotiations that eventually led to normal relations with the Soviet Union, Poland and East Germany and the easing of tensions in Central Europe. He was awarded the Nobel Peace Prize in 1971.
The effort at a new Ostpolitik, a policy of détente toward the East, was complemented by Mr. Brandt's achievements in deepening West Germany's involvement in the European Community and in broadening the Community to include Britain, Denmark and Ireland. West Germany also entered the United Nations in 1973.
This was the logical extension of the policy inaugurated by the first chancellor, Konrad Adenauer. Mr. Brandt called it "a Germany of peace, tolerance and a measure of modesty —"

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Decaying Mines Imperil Russia's Drive to Solvency

By Fred Hiatt
Washington Post Service

UDACHNY, Russia — For 25 years, workers descended into the huge, frozen pit at the center of this Arctic Circle outpost to mine one of the world's richest caches of diamonds — and help keep aloft the deteriorating Soviet economy.

Today, because of backward technology, political infighting and a legacy of rapacious exploitation, the diamond pit in this barren far-Siberian town is yielding its treasure more and more grudgingly.

Across Russia, a natural-resource crisis is threatening this nation's perilous voyage to capitalism and solvency. Underfunded and overworked during the long Soviet decline, Russia's oil wells, coal mines and gold works are producing less and less, just as Russia desperately needs them to repay old Soviet debts to the West and revitalize the economy.

At the same time, Moscow no longer can ignore workers demanding higher wages and better safety, neighbors decrying their fouled environment or local officials claiming fatter slices of the pie.

Political instability — constantly changing laws and power struggles between Moscow and its regions — discourages Western investment. Russian nationalists, reeling from the fall from superpower to Third World status, regard any Western involvement as an insulting effort to take advantage of Russia's weakness. Growing corruption further diverts resources.

In Udachny, the problems are as stark as the gray mountains of slag surrounding the huge pit. The richest vein of diamonds has been tapped; now, large sums must be invested to open new approaches, shore up walls and cope with other problems of excavating 825 meters down into the permafrost, according to the mine director, Victor Zastrovsky.

In Factory No. 12, the world's largest diamond processing plant, dust clouds the chilly air, the dirty floor is slippery and puddled, and the thundering equipment, in many cases, is out of date.

For years, all chemical wastes were poured into the town's river. And nearby, the land is still radioactive from an unsuccessful Soviet attempt to blast open a diamond mine in the permafrost with one of the dozens of peaceful nuclear devices detonated in Siberia in the 1970s and 1980s.

"I think there's a genuine deterioration in the quality of diamond that's coming out of the ground," said Richard Walker, general manager of the Russian branch of the world's dominant diamond concern, De Beers Centenary Ltd. "Production has declined as well."

"The diamond industry is in need of huge investments," said

Leonid Gurevich, chairman of the diamond commission of Russia's parliament. "And from where will they come?"

Moscow has squandered previous chances to upgrade the industry. In 1990, De Beers advanced \$1 billion to the Soviet Union against future diamond sales, to invest in mines and polishing plants.

The diamond industry, Mr. Gurevich said, did not get any of it. Instead, the money went "to feed the arms race and the huge state apparatus, and to compensate for the red ink in our industry," he said.

Now, such funds will be more difficult to find. De Beers, itself suffering from the global economic slump, recently informed Russia that it will cut its diamond purchases by 25 percent next year.

The picture is similar across Yakutia, the giant Siberian republic that includes this diamond town.

In Neryungri, to the south, a city of 100,000 was constructed to support a huge open coal mine. Half the coal was shipped to Japan to pay for the equipment, according to Alexei Yablonskiy, ecological adviser to the Russian president, Boris N. Yeltsin. Now more is being shipped out to pay for spare parts.

Worse, Mr. Yablonskiy said, in five years all of Neryungri's coal will be gone.

"There will be nothing for the people there to do," he said. "The equipment will not work, the land will be spoiled."

"We were trapped by our own outrageous economic incompetence," he said.

In the mines along the Aldan River, the purest and most accessible gold has been tapped, according to Yakutia officials. Miners will have to go farther north and deeper underground, and new enrichment plants will have to be built.

In Mirny, Yakutia's other diamond center, workers are coping with environmental disaster. When the Soviets built a dam to provide power for the diamond works, they did not bother first to harvest the local timber.

As a result, the woods were submerged and they rotted, contaminating the Vitny River with phenols. Diamond workers dumped thallium and other chemicals, while peaceful nuclear explosions made the water radioactive. Disease rates have doubled, according to Yakutia officials.

In western Siberia, the Russian oil industry is suffering a similar decline, experts said. More than 20,000 wells are idle, often for lack of spare parts. Millions of barrels of oil are lost from leaking pipelines.

Production may soon fall so low that Russia, the world's second-ranking producer, will be unable to export any oil, which would be disastrous for this country and its neighbors.



A Serb removing the Croatian flag from the ruined town hall of Bosanski Brod, the last Croatian-Muslim stronghold in northern Bosnia.

UN Imposes a 'No-Fly' Zone in Bosnia

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — The Security Council imposed a "no-fly" zone over Bosnia-Herzegovina on Friday to prevent attacks by Serbian planes, but rejected aerial patrols and shoot-down orders for now.

The 15-member council voted 14 to 0, with China abstaining, to create the air-exclusion zone. It said it would urgently consider "further measures necessary to enforce the ban" in case of violations, a reference to possible military action. The ban was effective immediately.

The resolution marks the first time the Security Council has imposed a "no-fly" zone over a member state. Bosnia-Herzegovina was the council to go further and authorize immediate military action against Serbian aircraft.

In Belgrade, an unconditional cease-fire is in force between Serbs and Croats in Bosnia-Herzegovina, a Serbian leader told the Tanjug press agency on Friday.

But Colonel Bogdan Subotic, the defense minister of the self-proclaimed Serbian republic in Bosnia, said the Serbs were not party to the agreement.

Colonel Subotic said that the Serbs were ready to negotiate with Muslims on ending hostilities, but that Bosnia's Muslim president, Alija Izetbegovic, refused to cooperate. The colonel's remarks heightened diplomats' suspicions that Serbs and Croats had struck a deal to allow the Serbs to take the north Bosnian town of Bosanski Brod, which lies across the Sava River from Croatia. The town was captured Tuesday night.

Another leader in Serb-controlled southern Bosnia, Bozidar Vucurevic, told Tanjug that the truce had been signed by Bosnia-Herzegovina's Serbian and Croatian leaders, Radovan Karadzic and Mate Boban, and had come into force at midnight Wednesday.

But Mr. Karadzic said later that no cease-fire had been signed. "Our assembly has announced its platform for cessation of hostilities with the Croats and Muslims," he said. "It looks like the Croats have agreed and that it has happened."

He added: "But nothing is signed. There is maybe just an agreement at a local level."

There was fighting on Friday in at least six Sarajevo suburbs and the city center. But it was not as intense as it had been Wednesday.

Sylvana Fox, spokeswoman for the United Nations High Commissioner for Refugees, said in Geneva on Friday that 26 relief flights had arrived in Sarajevo as of Thursday night since the airlift, suspended Sept. 3, restarted a week ago. (AP, AFP, Reuters)

Did Serbs Booby-Trap Dam? UN Officials Cite a Potential for Disaster in Croatia

By Chuck Sudetic
New York Times Service

MALKOVO, Croatia — United Nations officials say they have found evidence that the Serbs have rigged a huge hydroelectric dam with explosives whose detonation could lead to an uncontrollable rush of water onto downstream villages.

UN peacekeeping troops took control of the 60-meter-high (200-foot-high) structure in Serbian-held Croatia in mid-September. A demolition specialist from the peacekeeping force said he was certain that the dam, which has turned a stretch of the Cetina River into a lake 19 kilometers (12 miles) long, is booby-trapped with explosives in a well leading to an underground channel that must be opened to insure that winter floodwaters do not increase pressure on the dam to dangerous levels.

"We have stopped working because it is unsafe," said the demolition specialist, Captain Bruno de Meritens, of the French Army. He has 12 years of experience in explosives and has regularly inspected the dam since April and almost daily since UN forces took control of it Sept. 14.

"We cannot use light, we cannot make noise, and we cannot move things around," the captain said.

A UN official said the leaders of the Serbian Krajina Republic, the self-proclaimed state that Serbs have set up on the third of Croatia territory seized during last year's war, had warned him that the dam was first rigged with explosives as of November 1991.

"For six months I asked myself, 'Is it a bluff?'" Captain de Meritens said. "At the beginning we found nothing. As we have looked more, we have found more evidence."

He said he had recently found two booby-traps in the well, with a remote-control optical device he uses to peer into the dam's underground passages. He said that near the well cap he had found safety fuses that are clipped off when explosives are set.

"A Yugoslav Army officer told me the well was booby-trapped," he said, referring to his first reconnaissance of the dam in April. "He refused to check the well. He was afraid."

The captain said he was concerned that the Serbs might be able to detonate the explosives by remote control.

If the dam ruptures, more than 510 million cubic meters (17 billion cubic feet) of water in the lake behind it would flood low-lying villages near the downstream town of Sinj, northeast of Split.

About 4,500 people live in the village of Tizli, which lies immediately below the dam, said Zvonimir Balesic, minister without portfolio in Croatia's government, who has worked on negotiations over control of the dam. But officials said they were confident that even if the dam was blown, residents downstream would have sufficient time to reach high ground.

"The main danger," Mr. Balesic said, "is that there would be significant property and ecological damage."

Serbs and Croats have fought for control of the Peruca dam because it produces electricity badly needed by both sides. Serbian forces, backed by the Yugoslav Army, forced Croatian military units from the dam a year ago. It now lies between Serbian and Croatian forces, within easy sniper and mortar range of either side.

China Affirms Zhao Erred in Support For Protesters, but Ends Its Inquiry

By Lena H. Sun
Washington Post Service

BEIJING — China's ruling Communist Party ended its investigation Friday of the former party leader Zhao Ziyang, upholding a hard-line decision three years ago that Mr. Zhao made serious mistakes in supporting the 1989 democracy demonstrations, Xinhua press agency said.

The three-paragraph announcement by the party's policy-making Central Committee effectively ruled out any return to political life by the former protégé of the senior leader Deng Xiaoping. At the same time, the news agency appeared to indicate that no further action, such as criminal proceedings, would be taken against him.

The timing of the announcement took some analysts by surprise because it was believed that internal party differences over his case were still too great to allow a conclusion before a major party congress is to open here on Monday.

The congress is expected to promote some younger, more reformist leaders into the top echelons of the party. The fact that the party has officially closed the chapter on Mr. Zhao before the congress suggests that hard-liners opposed to even a partial clearing of his name were hoping to use that strategy to prevent any newly elected reformist leaders from reopening the case, according to some analysts.

"This just sweeps it under the rug so they don't have to argue about it during the congress," said a Western diplomat.

It is now almost certain that the party will not reconsider the issue while Mr. Deng and the other party elders who rule China are still alive.

It is not known what immediate effect the decision will have on Mr. Zhao, 74, who has not been seen in public since May 19, 1989. He has been living under virtual house arrest in central Beijing with his family. The news agency still referred to him as "comrade." It is highly unlikely that he would be expelled from the party.

His case has been under investigation for so long because it goes to the heart of the 1989 crackdown: Whether Mr. Deng and China's other ruling elders were wrong to order the Chinese Army to fire on demonstrators. Any backpedaling on Mr. Zhao's case would be interpreted to mean a reassessment of the decision to crack down.

Although it was never likely that Mr. Zhao would have been fully rehabilitated, there had been some expectation that party authorities, in a symbolic gesture, might agree that he had made lesser errors.

Mr. Zhao, who was party secretary-general during the 1989 protests, was last seen in public visiting protesters in Tiananmen Square. He had tears in his eyes as he told them: "We have come too late. The problems you have raised will eventually be resolved."

After the Chinese Army crack-

WORLD BRIEFS

Germans Feud Over Curbs on Right
BONN (WP) — Federal and state officials from across Germany met here to tackle a wave of rightist anti-foreigner violence, but Friday to reach a consensus on solutions and broke up amid persistent finger-pointing.

Participants were unable to reach even a "minimal consensus" on steps to ease the violence, despite the world outcry against the rightist attacks, said the Saarland interior minister, Friedlieb Laeppe, chairman of the special conference. The meeting brought together the justice and interior ministers from the 16 federal states in an effort to coordinate government action against the extremists.

But talks bogged down when ministers from states governed by Social Democrats balked at tough measures pushed by Chancellor Helmut Kohl's Christian Democratic interior minister, Rudolf Seiters.

De Klerk Apologizes for Apartheid
JOHANNESBURG (AP) — President Frederik W. de Klerk apologized Friday for apartheid, marking the first time a white South African leader has expressed such regret for decades of enforced segregation.

"For too long we clung to a dream of separated nation states when it was already clear that it could not succeed," Mr. de Klerk said in prepared remarks. "For that we are sorry."

Previously, Mr. de Klerk said only that apartheid was a well-intended policy that failed. After offering his apology Friday, Mr. de Klerk again said that apartheid was not intentionally evil. "Yes, we have made mistakes. Yes, we have often sinned and we don't deny this," he said. "But that we were evil, malignant and mean — to that we say 'no.'"

Roh Reshuffles Cabinet as Vote Nears
SEOUL (AP) — President Roh Tae Woo bowed to opposition pressure and replaced the nation's intelligence chief and four cabinet ministers Friday in an attempt to form South Korea's first neutral government to supervise presidential elections.

Mr. Roh said the reshuffle would ensure fairness in the elections, expected to be held in December, and end public concern over alleged vote-rigging and corruption. By law, Mr. Roh cannot serve another term. The new cabinet will be headed by Prime Minister Hyun Song Jong, a 72-year-old legal scholar, who was sworn in Thursday.

The new appointments are for cabinet posts that have direct or indirect responsibility for election matters.

Savimbi Seems Reconciled to Defeat
LUANDA, Angola (Reuters) — A senior United Nations official met the UNITA rebel leader, Jonas Savimbi, at his stronghold on Friday to try to persuade him to accept the results of Angola's first multiparty elections and not resume the civil war.

Margaret Anstey, the special representative in Angola of Secretary-General Butros Butros Ghali, flew to Huambo, central Angola, after meeting Mr. Savimbi's former foe, President Jose Eduardo dos Santos.

Returning to Luanda, she said the meeting had gone well and that Mr. Savimbi told her that he was prepared to accept defeat if it could be proved there was no voting fraud. Last week, Mr. Savimbi had rejected early results of the Sept. 29-30 elections, which showed Mr. dos Santos winning.

Chinese Aircraft Crashes, Killing 14
BEIJING (Reuters) — A Soviet-made Chinese aircraft carrying 35 people crashed in northwest China's Gansu Province, killing nine French tourists and five Chinese. The crash occurred in a local government spokesman said Friday. It was the third fatal accident to hit China's aged fleet of Soviet-made aircraft in three months.

A further five French tourists and three Taiwanese passengers were seriously injured, but were reported out of danger after treatment at a Lanzhou military hospital. The flight on Thursday from the Gansu capital of Lanzhou to the tourist city of Xian had been postponed for more than an hour because of engine trouble, the spokesman said.

For the Record
Japan will end a fingerprinting requirement for permanent resident foreigners on Jan. 8, the government decided Friday. (AP)

Romanians vote Sunday in a runoff presidential election to decide whether Ion Iliescu will stay in office or be replaced by Emil Constantinescu of the Democratic Convention, a centrist opposition force. Mr. Iliescu, a former aide of the executed dictator Nicolae Ceausescu, is in a strong position to win Sunday's vote. (Reuters)

TRAVEL UPDATE

The International Civil Aviation Organization has adopted a resolution banning smoking on all airlines' international flights, starting July 1, 1996. The organization does not set civil aviation rules directly for its 173 member states, but the resolutions it adopts are taken into account by governments in drawing up their laws. (AFP)

Continental Airlines has unveiled a redesigned business class service called "BusinessFirst," which will reduce its seating segments on international flights from three classes to two. It is converting its fleet of 18 747 and DC-10-30 intercontinental jets, each of which will have 44 to 48 sleeper seats. The service will begin in London and Paris in December and in Frankfurt, Munich and Madrid by January. (AP)

The Norwegian Storting voted for a \$3 billion plan to build a new airport for Oslo, ending a 36-year debate. The parliament voted to expand the small Gardermoen airport, which currently handles charter flights, to make it the main airport as of 1998. It is about 40 kilometers (25 miles) north of the capital. (Reuters)

Lufthansa will begin twice-weekly flights between Frankfurt and Almaty, the capital of Kazakhstan, on Nov. 1, the airline reported. (IHT)

The Weather

Forecast for Sunday through Tuesday

Region	Today	Tomorrow	Day After
North America	Sunny through Tuesday with a few clouds. High 70-80, low 40-50.	Partly cloudy. High 60-70, low 30-40.	Partly cloudy. High 50-60, low 20-30.
Europe	Partly cloudy. High 60-70, low 40-50.	Partly cloudy. High 50-60, low 30-40.	Partly cloudy. High 40-50, low 20-30.
Asia	Partly cloudy. High 70-80, low 40-50.	Partly cloudy. High 60-70, low 30-40.	Partly cloudy. High 50-60, low 20-30.
Africa	Partly cloudy. High 70-80, low 40-50.	Partly cloudy. High 60-70, low 30-40.	Partly cloudy. High 50-60, low 20-30.
South America	Partly cloudy. High 70-80, low 40-50.	Partly cloudy. High 60-70, low 30-40.	Partly cloudy. High 50-60, low 20-30.
Europe (Detailed)	London: High 50, Low 30. Paris: High 55, Low 35. Rome: High 60, Low 40. Athens: High 65, Low 45. Moscow: High 40, Low 20.	London: High 45, Low 25. Paris: High 50, Low 30. Rome: High 55, Low 35. Athens: High 60, Low 40. Moscow: High 35, Low 15.	London: High 40, Low 20. Paris: High 45, Low 25. Rome: High 50, Low 30. Athens: High 55, Low 35. Moscow: High 30, Low 10.
Asia (Detailed)	Tokyo: High 65, Low 45. Seoul: High 60, Low 40. Taipei: High 70, Low 50. Hong Kong: High 75, Low 55. Singapore: High 80, Low 60.	Tokyo: High 60, Low 40. Seoul: High 55, Low 35. Taipei: High 65, Low 45. Hong Kong: High 70, Low 50. Singapore: High 75, Low 55.	Tokyo: High 55, Low 35. Seoul: High 50, Low 30. Taipei: High 60, Low 40. Hong Kong: High 65, Low 45. Singapore: High 70, Low 50.
Africa (Detailed)	Cairo: High 70, Low 50. Johannesburg: High 75, Low 55. Lagos: High 80, Low 60. Nairobi: High 70, Low 50.	Cairo: High 65, Low 45. Johannesburg: High 70, Low 50. Lagos: High 75, Low 55. Nairobi: High 65, Low 45.	Cairo: High 60, Low 40. Johannesburg: High 65, Low 45. Lagos: High 70, Low 50. Nairobi: High 60, Low 40.
South America (Detailed)	Buenos Aires: High 70, Low 50. Rio de Janeiro: High 75, Low 55. Lima: High 70, Low 50. Santiago: High 70, Low 50.	Buenos Aires: High 65, Low 45. Rio de Janeiro: High 70, Low 50. Lima: High 65, Low 45. Santiago: High 65, Low 45.	Buenos Aires: High 60, Low 40. Rio de Janeiro: High 65, Low 45. Lima: High 60, Low 40. Santiago: High 60, Low 40.
Middle East	Tel Aviv: High 70, Low 50. Jerusalem: High 65, Low 45. Beirut: High 70, Low 50. Damascus: High 65, Low 45.	Tel Aviv: High 65, Low 45. Jerusalem: High 60, Low 40. Beirut: High 65, Low 45. Damascus: High 60, Low 40.	Tel Aviv: High 60, Low 40. Jerusalem: High 55, Low 35. Beirut: High 60, Low 40. Damascus: High 55, Low 35.
Oceania	Sydney: High 70, Low 50. Melbourne: High 65, Low 45. Auckland: High 70, Low 50.	Sydney: High 65, Low 45. Melbourne: High 60, Low 40. Auckland: High 65, Low 45.	Sydney: High 60, Low 40. Melbourne: High 55, Low 35. Auckland: High 60, Low 40.

Legend: c=clear, pc=partly cloudy, cl=cloudy, sh=showers, h=heavy rain, dr=drizzle, fog, sm=smoke, dust, haze, fl=fog, fr=frost, ic=ice, sn=snow, sl=sleet, ts=tornado, th=thunder, st=storm, ty=typhoon, tw=tropical storm, ht=high tide, lt=low tide, wv=wave, wh=whirlwind, whl=whirl, whl=whirl, whl=whirl.

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CAMPAIGN '92 / THE TEXAS EQUATION

Sign of Hard Times for Bush: Tight Race in Lone Star State

★ ELECTION NOTES ★

Election Winds Leave China in the Cold

BELING—If the U.S. presidential campaign is not going so well these days for President George Bush, Chinese leaders seem to think it is going even worse for them. They are particularly concerned that American voters will elect Governor Bill Clinton of Arkansas, who has called for linking China's trade privileges to its human rights record. Mr. Clinton said shivers down octogenarian spines here when he called this summer for "an America that will never coddle tyrants, from Baghdad to Beijing."

But even Mr. Bush, long regarded by the Chinese as an old friend, has proved distinctly unfriendly on the campaign trail. Many specialists on China say Chinese-American relations are already severely strained and may get worse.

"I think that we're going to see a very tense, delicate relationship and that we're going to see the relationship continue to go downhill irrespective of who wins the White House," said John T. Kamra, a Hong Kong-based business consultant and specialist on Chinese-American relations. "Of course, they'll probably go downhill a little faster if Clinton wins."

Chinese officials have long shown a preference for Republicans, and they often speak glowingly of former President Richard Nixon and his secretary of state, Henry A. Kissinger, for opening up relations, while giving much less credit to the Carter administration for formally recognizing China. Beijing seemed to regard the Democrats in the 1970s and 1980s as too weak-kneed in opposing Moscow.

But there are many signs that the Bush administration's patience with Beijing has worn thin, and that it is no longer willing to pay a political price for cultivating ties to China. For example, the administration is threatening that unless Beijing agrees by the end of this week to take major steps to open up its markets, the United States will retaliate against up to \$3.9 billion in Chinese exports.

For all their resentment at the administration's recent toughness, the Chinese leaders appreciate that Mr. Bush has vetoed congressional efforts to put conditions on the most-favored-nation trade status that China enjoys.

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By Robin Toner
New York Times Service

WASHINGTON—Underlining the Republicans' vulnerability even in states they once counted on, President George Bush is locked in a tight race with Governor Bill Clinton in the critical state of Texas, according to a New York Times/CBS News poll.

The survey shows Mr. Bush with a narrow edge in Texas, with the backing of 41 percent of the voters to 37 percent for Mr. Clinton. That is within the poll's margin of error.

It also shows that Ross Perot, who was widely expected to be more popular in his home state of Texas than almost anywhere else, has the backing of 11 percent.

Mr. Bush's standing in Texas is more comfortable than his standing in the nationwide polls, which this week showed him trailing Mr. Clinton by eight to 17 percentage points.

Texas, with its 32 electoral votes, is by almost any reckoning a must-have state for the Republicans if they hope to reach the 270 electoral votes necessary to win.

The fact that Mr. Bush has yet to lock it

up so close to the election is a grim omen for the Republicans.

Other state polls compiled this week by the Hotline, a political newsletter in Washington, show Mr. Bush still scrambling to secure many of the states across the Sun Belt that have been reliable parts of a Republican majority for years.

"It's too close in the base states," said Fred Steeper, a poll-taker for the Bush campaign.

At the same time, Mr. Clinton retains a double-digit lead in California, which has one-fifth of the votes needed to win.

The Hotline compilation also shows Mr. Clinton with big margins across most of the Northeast, and also with substantial leads in some of the big Midwestern states.

In Illinois, for example, a Chicago Tribune poll conducted Sept. 26-28 showed Mr. Clinton with a lead of 20 percentage points; in Michigan, a Detroit News poll conducted Oct. 1-2 showed Mr. Clinton with a 13-point lead.

The electoral map, in short, suggests an even more daunting challenge for Bush than the national polls on the popular vote do.

"It reinforces just how difficult this election is," said Neil Newhouse, a Republican poll-taker. "The states on which we had traditionally depended for our 'electoral lock' simply aren't there this year or have moved into the competitive state category."

All of this highlights the importance of the presidential debates that begin Sunday.

The New York Times/CBS News poll of Texas, conducted Monday through Wednesday, has a margin of sampling error of plus or minus 3 percentage points.

Arms-Control Talks? No, Presidential Debate Negotiations

By Richard L. Berke
New York Times Service

WASHINGTON—After several journalists vowed to reject any offer to question candidates in the nationally televised presidential debate Sunday, the sponsors turned to four reporters who were not likely to balk: Each one had already served on a debate panel.

The campaigns also settled on other details, from stage angles to makeup to the color of the backdrop, that may not seem consequential to viewers but were the subject of painstaking negotiations.

And the campaigns drew lots to decide who would make the opening statement in the first debate (Ross Perot) and who would make the closing statement (President George Bush).

They also drew lots to decide who would stand where. (Governor Bill Clinton will be in the middle, with Mr. Bush stage left and Mr. Perot stage right.)

The bipartisan Commission on Presidential Debates announced that Jim Lehrer of the PBS program "MacNeil-Lehrer Newshour" would moderate the first of the three debates Sunday at Washington University in St. Louis, Missouri, at 7 P.M. eastern daylight time (2:30 GMT).

The questioners will be Ann Compton, a White House reporter for ABC News; John Mashek, a White House reporter for The Boston Globe, and Sander Vanocour, a free-lancer who has worked for ABC and NBC.

The commission is expected to announce the selection of Hal Bruno, the political director of ABC News, to moderate the vice-presidential debate in Atlanta on Tuesday. There will be no panel of questioners at that debate. Candidates instead will have the opportunity to ask one another questions.

At the presidential debate, the moderator will state a topic and the first panelist

will then pose a question to a candidate, who will have two minutes to respond. Each of the other candidates will give a one-minute rebuttal. The process will be repeated twice, with a different panelist questioning a different candidate on the same subject.

Several journalists and news organizations have said they would not take part in the presidential debates, calling the process tainted because the campaigns had the authority to strike off panelists who were not to their liking.

The only reporter to turn down an invitation was Gerald Seib, chief diplomatic reporter for The Wall Street Journal, who is also covering the closing weeks of the campaign. Al Hunt, the Journal's Washington bureau chief, said that since 1988 the paper had followed a policy "not to participate in any events in which politicians select or play a role in selecting the reporters."

Mr. Lehrer, who was moderator of the first presidential debate between Mr. Bush and Michael S. Dukakis in 1988, has been outspoken in defense of journalists' participation.

"I'm at ease about what I've decided to do," he said in an interview. "If I wasn't, I wouldn't do it. This isn't about us; it's about the candidates for president of the United States and the voters of America."

For the panel selection process, each of the campaigns and the commission submitted a list of 10 names. Each campaign had the authority to strike names from the others' lists, and the commission picked the panelists out of the remaining names.

After a process that at times seemed as complicated as arms-control negotiations, with even the most minor points seemingly fraught with political meaning,

the campaigns signed a 37-page debate agreement that they are treating as though it was a state secret.

In a conference call on Wednesday with the bipartisan commission, all three campaigns agreed not to make the document public.

But some of the people involved in the talks read the agreement to a reporter. Although many passages were appropriated from the 1988 pact, this document is far more detailed, because there will be three candidates and because the formats of each debate will vary.

In the second presidential debate, next Thursday, at the University of Richmond in Virginia, a moderator will take questions from an audience. The agreement calls for a polling company to pick 250 uncommitted voters to question the candidates. A moderator is expected to roam the auditorium.

Bush Hits With a Boomerang New Swipe at Clinton Reflects on President

By Dan Balz
Washington Post Service

WASHINGTON—For months, aides to President George Bush have tried to make character the central issue of the presidential campaign. But in trying to focus attention on Bill Clinton's 1969 trip to Moscow during the Vietnam War, Mr. Bush has raised potentially damaging questions about the character of his own campaign.

Vietnam has stalked Mr. Clinton since early last winter, when discrepancies in his draft record and his conflicting statements on the subject nearly tripped up his candidacy before the first votes were cast. Just beneath the surface of the controversy over Mr. Clinton were some old antagonisms and arguments about the war that remain unresolved.

Republicans have tried to revive and expand the draft issue this autumn, as a surrogate for questions about Mr. Clinton's character and credibility. But it was out until this week that they moved the issue to a different level by invoking the old specter of anti-Communist suspicion and innuendo that marked American politics of an earlier era.

Aides to Mr. Bush tried to back away from suggestions that they were trying to bait Mr. Clinton about Communist ties as a student war protester, but they insisted that Mr. Clinton was not telling the full story of his involvement in opposing the war.

Clinton advisers, who struggled all week to deflect an issue that was lurking on the edges of the campaign, appeared relieved that Mr. Bush's comments on CNN's "Larry King Live" had given them the vehicle for fighting back.

Democrats such as Senator Bill Bradley of New Jersey denounced Mr. Bush on Thursday for McCarthyism and "red-baiting" phrases that seemed almost ironic coming more than a year after the collapse of communism. Privately, Republicans grumbled that Mr. Bush and his campaign appeared so desperate that they were trying to win votes by portraying Mr. Clinton as a Communist dupe.

What provoked Mr. Bush to step into the issue personally remains a mystery. Perhaps it is a combination of his inability all autumn to crack Mr. Clinton's lead in the polls and his own beliefs about patriotism and Vietnam. He told reporters Thursday morning he was saying something that was "on his heart."

In 1988, Mr. Bush showed that there was a difference between his personality as a candidate and the personality he adopted once the campaign was over. He demonstrated a willingness to engage in slashing tactics against Michael S. Dukakis, but once the campaign was over he tried to put that behind him by calling for reconciliation.

Once again, the country sees the contrast between the two Bushes—one a patriotic gentleman and the other a brawler who said at the beginning of the year that he would do whatever it took to get elected.

The differences between Mr. Clinton and Mr. Bush on Vietnam are as stark as the fights between fathers and sons at the height of the war, as clear as the conflict between a World War II generation raised on duty, honor and country and the '60s generation whose opposition to Vietnam sometimes resulted in violent protest.

Mr. Bush's conflict with Mr. Clinton may be rooted in the fact that Mr. Clinton not only did not serve in the military, but also engaged in anti-war protests, sometimes as an organizer of demonstrations while in England on a Rhodes scholarship.

"Maybe I'm old-fashioned," Larry, the president told Mr. King on Wednesday. "The program is 'But to go to a foreign country and demonstrate against your own country when your sons and daughters are dying halfway around the world—I'm sorry, I just don't like it. I think it is wrong. I think it is wrong to do that.'"

Mr. Clinton is hardly blameless in the controversy. It has taken much of the year for his draft history to dribble out, and he has given inconsistent statements about the degree to which he was an organizer of anti-war protests in England.

Each inconsistency, whether or how he escaped the draft or on how involved he was in the anti-war movement, has given the Bush campaign ammunition.

"Larry, I don't want to tell you what I really think 'cause I don't have the facts," Mr. Bush said. "But to go to Moscow one year after Russia crushed Czechoslovakia, not remember who you saw in Moscow?"

It is unlikely that the gulf between Mr. Bush and Mr. Clinton on Vietnam can ever be breached—each is in a way hostage to his biography. Despite a sour economy and unpopular policies, Mr. Bush remains to many Americans a personally popular figure, and a kind and decent person. But the character issue has taken an unexpected turn and it is Mr. Bush, and not just Mr. Clinton, who must deal with it now.

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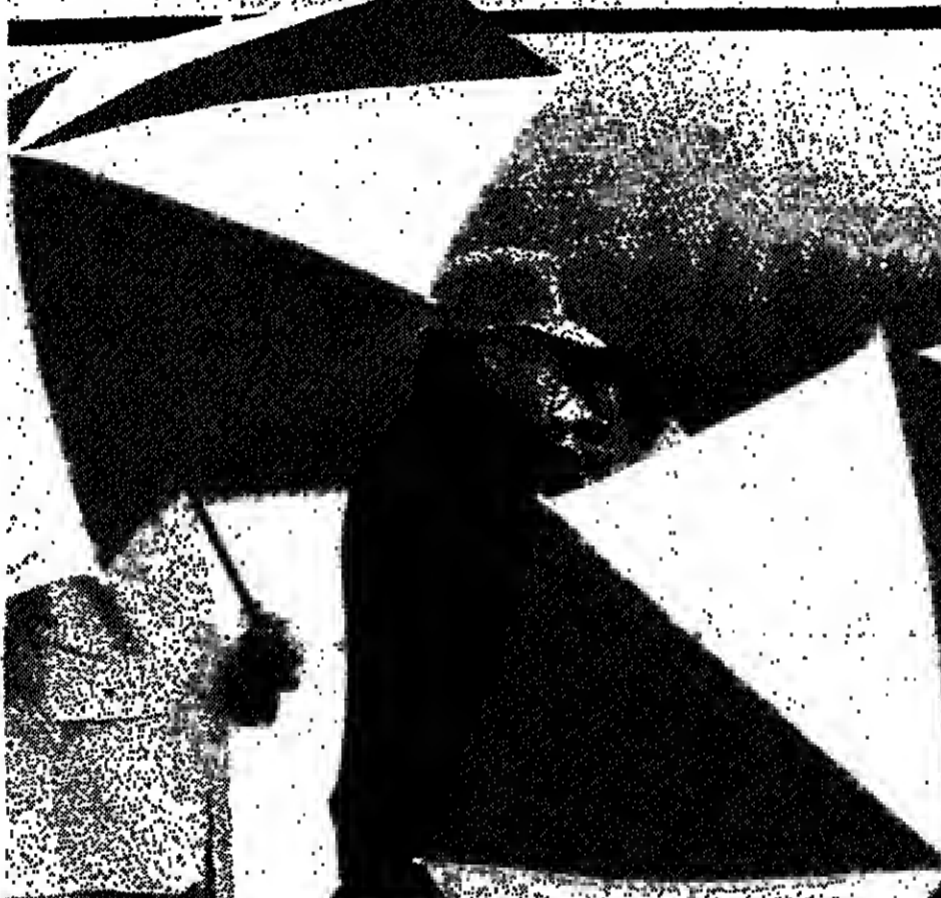
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Mr. Clinton arriving in a rainy Kansas City, Missouri, where he is preparing for the Sunday debate.

Another Vietnam War Issue Resurfaces

WASHINGTON—Ross Perot's re-entry into the presidential race and the publication this week of testimony he gave to a Senate panel last summer has reawakened interest in his involvement with President Bush in efforts to resolve the issue of Americans missing from the Vietnam War.

In a closed session on July 1, Mr. Perot told the counsel for the Senate panel that in 1986, Mr. Bush, then the vice president, asked him to look into a report that a man imprisoned in Singapore was offering to sell for \$4.2 million a videotape of Americans being held in slave labor in Laos.

"The vice president asked me if I would acquire the tape and, if it were authentic, the U.S. government was to reimburse me," Mr. Perot said.

Although Mr. Perot repeated his testimony in a public hearing in August, it received little attention at the time because he had withdrawn from the presidential race.

The videotape never materialized in 1986. Mr. Perot said that when he tried to reach Mr. Bush later to report on his findings, the vice president said that he knew nothing about the project.

At the Senate's request, the Bush administration is declassifying thousands of government documents on Americans missing in Indochina. The documents, along with Mr. Perot's testimony last summer, have renewed interest in the issue as the presidential campaign enters its final weeks. The testimony indicates that Mr. Bush was actively involved in the issue and eager to enlist Mr. Perot's support.

Later in 1986, Mr. Bush asked Mr. Perot to "make one last sweep" through the files of the prisoners of war and the missing in action to re-examine cases, the Texas billionaire said.

"I told him I did not want to because I knew we had left men in Laos and I did not need to make a study to prove that, and that I had real concerns whether or not our government would do anything if I did make a study and proved it again," Mr. Perot said.

Quote-Quote

Neel Davis, a Democratic campaigner in the state of Delaware: "I've really been amazed at the number of country club members who said they just can't vote for George Bush. I just think it's too late to turn the tide." (AP)

Away From the Hustings

University of Massachusetts students, angered by an alleged racial attack, rampaged through a high-rise campus dormitory, vandalizing halls and bathrooms and scrawling anti-white slogans. Witnesses and officials said about 50 minority-group protesters also briefly blocked a campus street and threw rocks at a science building.

Fisher-Price is recalling about 900,000 child safety seats because of defects that can make them difficult to buckle or allow the shoulder belts to move out of proper position. About 424,000 model 9100 and 9101 seats made between February and October 1989 have plastic on the buckle shield that can break after repeated use.

A landmark anti-tobacco law for New York City has been approved overwhelmingly by the City Council. The law makes it more difficult for minors to buy cigarettes and requires anti-smoking messages to counter tobacco advertisements in bus shelters and on taxis and other spaces owned or licensed by the city. It also bans smoking in public and private schools, outlaws the sale of loose cigarettes and requires store owners to ask for proof that customers buying cigarettes are over 21.

Casper W. Weinberger has waived his right to a jury trial, leaving the Iran-contra charges against the former defense secretary to be decided by Judge Thomas F. Hogan in U.S. District Court. The move was made to avoid delays in picking a jury and generally speed up the trial.

Fifteen cars of a CSX train were derailed Friday after tracks were washed out by flooding, spilling mercaptan, an unpleasant-smelling chemical, and closing U.S. Highway 378, officials said in Alondale, South Carolina.

Detroit schoolteachers have approved a new two-year contract by a 8-to-1 margin, officially ending the labor dispute that led to a monthlong strike.

A powerful explosion at a Los Angeles oil refinery rocked a wide area of the southern part of the city, injuring 17 workers and forcing at least 600 people from their homes for several hours. The blast shattered windows on cars, homes and businesses 2 miles (3 kilometers) from the Texaco refinery in suburban Wilmington.

CAMPAIGN: On Anti-War Issues, the Moral Lens Is Less Than Clear

(Continued from page 1)

even in traveling to the Soviet Union—were not unusual. Indeed, they were almost prototypical of those who, like him, were part of the intellectual elite of that generation.

But if Mr. Clinton was typical of his class and the tenor of that time were not at all typical of American history. No other generation has ever acted in quite the fashion that Mr. Clinton's did, nor stirred more unresolved passions. Now, in the person of Mr. Clinton, American voters face the possibility that a generation that once took to the streets to publicly denounce American policy will lead it.

What is unknown—will be known on Nov. 3—is whether it matters much anymore.

As Mr. Clinton pointed out Thursday, Mr. Bush in his Inaugural Address had a wonderful phrase about how the Vietnam War cleaves us still and it was time to put it behind us.

"And now, because he's behind, he's tried to raise all the challenges of that time."

The Republican campaign to paint Mr. Clinton as a man with a secretly militant history began on Sept. 18, the first night of eight in which a quartet of conservative congressmen—Robert K. Dornan, Randy Cunningham and Duncan Hunter of California, and Sam Johnson of Texas—looked to the deserted floor of the House to denounce Mr. Clinton.

The speeches were extraordinary for a level of strident, hyperbolic accusations that echoed the red-baiting rhetoric of 40 years ago.

The speakers described Mr. Clinton as a "useful idiot" to the Soviet government, as a man who in other countries would have been "tried as a traitor or even shot," as a "full-time organizer for demonstrations against his country in a foreign country," as a man "directly responsible" for the deaths of American military men in Vietnam.

On Wednesday, Mr. Bush picked up the brush.

"I cannot for the life of me understand mobilizing demonstrations and demonstrating against your own country, no matter how strongly you feel, when you are in a foreign land," Mr. Bush said, in an interview on the CNN program "Larry King Live."

Mr. Clinton said, as he has always said, that he had been an

outspoken opponent of the war, but defended his activities in 1969 as innocent and minor. He said that he "helped put together a teach-in at the University of London" and that that had been "the only thing I ever helped put together."

He acknowledged that he had "participated" in a demonstration at the U.S. Embassy.

Mr. Clinton's own words, included in a letter he wrote on Dec. 3, 1969, appear to belie the claim that he organized, or helped to organize, only one event, the teach-in.

"I have written and spoken and marched against the war," he wrote in a letter to the director of the Reserve Officers' Training Corps program at the University of Arkansas, explaining why he had decided not to join the program.

"After I left Arkansas last summer, I went to Washington to work in the national headquarters of the Moralatorium, then to England to organize the Americans here for demonstrations Oct. 15 and Nov. 16."

The "Moralatorium" Mr. Clinton referred to was one of two enormous international anti-war protests of 1969, culminating in a huge protest march in Washington on Oct. 15.

David Mixer, a national co-chairman of the Moralatorium, recalls Mr. Clinton as "not at all a major player in the anti-war movement" but as someone who helped, in a small way, in the summer of 1969 to organize the fall protests.

In the fall, Mr. Clinton returned to England for his second year as a Rhodes scholar at Oxford. On Moralatorium Day, about 300 people, mostly American students, demonstrated peacefully outside the U.S. Embassy in London. It is apparently this rally that Mr. Clinton claims in his December 1969 letter to have organized.

Ira Magaziner, who was a fellow student at Oxford in 1969 and is now a senior economics adviser to the Clinton campaign, said he remembered the October rally but did not recall Mr. Clinton as an organizer. Like several of Mr. Clinton's friends of that time who were interviewed this week, he remembers the student from Arkansas as intensely interested in issues like the war and racism, but not as a radical.

"This was a very conventional group of people, not people who were burning flags or shouting 'pig' at the police," he said. "It was a very moderate group of people."

On Nov. 15, another demonstration was held in front of the American Embassy. This rally was larger, than the October rally, drawing about 1,500 people, who filed silently in front of the embassy.

The marchers bore a coffin and, according to a contemporary account, carried cards with the names of servicemen who died in Vietnam. They walked to a megaphone in front of the embassy, called out the name and then dropped the card into a makeshift coffin.

Republicans have said Mr. Clinton took part in this demonstration and even helped negotiate with American Embassy officials to take the symbolic coffin inside. It is not clear if this is true.

What is clear is that Mr. Clinton played a role in organizing a rally, but separate demonstration on Nov. 16, which also took place near the embassy. That rally was peaceful, according to both witnesses and news accounts.

A second aspect of Mr. Clinton's activities that has come under

NEWS ANALYSIS

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Iran-Contra Prosecutor Interviewed Reagan

WASHINGTON—The special prosecutor in the Iran-contra case questioned former President Ronald Reagan in California last summer about a possible cover-up in the scandal, and classified documents used in interrogating Mr. Reagan disappeared after the interview, sources said Friday.

The FBI is trying to recover the material, which an aide to Lawrence Walsh, the prosecutor, packed in a suitcase and checked with an airline at Los Angeles International Airport, the sources said.

Two justices are "short-termers" simultaneously. So they flip a coin. The amendment would require the justices to select the chief by vote. Chief Justice John Mowbray, who won his job with a coin toss, is one of several people who say they are concerned that dropping it would lead to animosity and power-broking.

Sitting outdoors in a football stadium can be a chilling experience. Blankets or sleeping bags help, but they are bulky and the feet get cold, unless heavy boots are worn. Now Marvel Putnam, a retired maker of circus tents, has designed a nylon stadium bag that slips over the wearer's feet, legs and lower chest, and then zips up. At 47 inches (120 centimeters), one size fits all. Although not lined like a sleeping bag, the "Snugg-L-Bun" acts as a windbreaker and stores body heat. The bottom panel is extra thick so the wearer can stand up and cheer. The Snugg-L-Bun weighs less than a pound (half a kilogram) and costs from \$25.50 to \$39.80, depending on the model. The manufacturer can be phoned in Sacramento, California, at (916) 423-3990.

Andy Van Slyke, outfielder with baseball's Pittsburgh Pirates, when asked if there was anyone else in the world he would trade places with for a day, replied, "My wife, so I can see how wonderful it is to live with myself."

In Nevada, where gambling is not only legal but a major industry, even picking a chief justice of the state supreme court can be a game of chance. But next month, voters will be asked to abolish the practice, instituted in 1864, of tossing a coin to choose the chief of the high bench. Currently, the job of chief justice goes to whichever member of the court has the shortest time remaining in his or her elected six-year term. But from time to time,

INTERNATIONAL **Herald Tribune**

Half-Measures on Bosnia

The horrors keep piling up in Bosnia: 150 Muslim women, some of them teenagers, are raped by Serbian thugs and compelled to go through with their pregnancies... 500 Muslims are forced to flee from their homes in a Sarajevo suburb as part of a Serbian campaign of ethnic cleansing... Serbs intensify air and artillery attacks on defenseless Bosnian towns.

take the crucial next step: to establish a tribunal to indict and try the perpetrators. Nor did the Council or key Western powers crack down on air and artillery atrocities. The Serbs have reneged on their pledge, made at the London conference in late August, to halt all military flights over Bosnia and turn over their heavy artillery to international supervision.

Bush Takes the Low Road

Chalk up yet another irony in the Bush drive for... the president's campaign about the dirty, ugly character of this year's campaign, even as he propels it toward a new low in sly innuendo and overt mud-slinging.

other protests in the United States and around the world — including rallies of U.S. servicemen in civilian clothes in Frankfurt and of Peace Corps volunteers in Asia and Africa — were directed against the slaughter in Vietnam.

Getting Out of the Slump

To judge by the urgings of the presidential candidates, no one would know that the U.S. economy is stagnating? They all talk about the long-term problem of spiraling growth, which is a theme worth attention.

more. Indeed, if the Fed were to become much more aggressive it might frighten bond traders. Fearing inflation, they could demand higher interest rates, the opposite of what the Fed wants to accomplish.

Two Refugee Standards

Hundreds of Cubans have been landing in Florida in recent months, escaping the repressive Castro regime and economic privation. Under streamlined procedures, the new arrivals have been allowed to remain in the United States as legal immigrants and political refugees, receiving help from relatives and volunteer agencies.

ing it still easier for Cubans to enter. The special treatment has been an inducement to individuals on leaky boats and to those who smuggle large groups. It is politically popular among the anti-Castro Cubans in Florida. But it is often hard to distinguish between those escaping persecution, who are thus entitled to admission as political refugees, and those seeking a better life, who would not be except for the special law.

OPINION

Bush Should Face the Yugoslav Challenge

By Anthony Lewis

NEW YORK — At a private meeting last month, George Shultz, the former U.S. secretary of state, spoke in passionate terms about the human disaster taking place in what was Yugoslavia. He deplored the U.S. government's failure to do more to stop Serbian attacks on Bosnia.

continuing their Nazi-like "ethnic cleansing" of Bosnia. They can laugh off the promises because the U.S. president shows no sign of caring. In the six months of Serbian attacks on Bosnian civilians, some 10,000 children have been killed or been reported missing. And worse is on the way.

The scene in Bosnia is enough to break the heart of any normally sensitive person. Theodore Forstmann flew there himself last month and came back utterly distressed. He has organized the shipment of many thousands of parkas, blankets and heaters to ward off the winter cold that will kill Bosnians even more swiftly than starvation.

Albania: A Crucial Role for Europe

By Giles Merritt

TIRANA, Albania — Albania could be the next flashpoint in the Balkan conflagration, potentially a most serious threat to regional stability. But financial assistance from Western Europe could make a crucial difference.

Albania bears deep scars from its stark years of isolation. On the unimproved roads, shabby horse-drawn carts outnumber cars. The aimless and unemployed throng the sidewalks. The average wage is \$12 a month. But the collapse of state-owned industries in post-Communist Albania has pushed joblessness to 35 percent or more.

clear. The country offers low-wage labor, a generally well-educated work force and natural resources that include oil, chromium and copper. But its economic shortcomings far outweigh these. The cash value of current foreign investments is less than \$40 million. There is no real domestic capital in Albania to finance conversion to a market economy.

His 'Oxford' Is Not the One I Knew

By Michael Elliott

WASHINGTON — I attended Oxford University at the same time as Bill Clinton. Before you think that this is going to be one of those articles — you know, "The Clinton I Knew" — I should say that I never knew Bill Clinton, and that nobody I knew at Oxford knew Bill Clinton.



skills. The president keeps saying that he wasn't a member of the Oxford Debating Society, as if the mere presence of Mr. Clinton in England gives him devilish powers of rhetoric.

generation was limited. Geography apart, Mr. White's analysis applies lock, stock and barrel to Britain.

Of course, things change. The University of North Carolina now provides one apex of the state's research triangle, stuffed with high-tech firms that use the brainpower of local colleges.

UN Trusteeship to Halt the Barbarism

By Charles Krauthammer

WASHINGTON — Even at the height of a presidential campaign, it is hard to turn away from the agony of Somalia. The suffering is staggering. Hundreds of innocents are dying every day of entirely preventable causes: starvation and disease.

Somalia's problem, however, is not lack of food. A huge international aid effort is finally in place. Now the rains have come and thousands are dying of hepatitis, measles, dysentery and tuberculosis. These are preventable killers, but relief workers say they are reluctant to ask for sophisticated medicines for the same reason they are wary of food shipments: When they get anything of value, they become the target of armed thugs.

Somalia needs similar treatment but far more bold. Somalia needs to be occupied. It needs an outside force to suppress the bandits, feed the people, provide medical care.

The best way to do this is the old mandate system of the League of Nations under which a great power under international supervision is given quasi-colonial power over another people. A formal mandate would give the outside power the dignity and legitimacy to justify its otherwise thoughtless task of pacification.

Can We Now Stop These Dictators?

By A. M. Rosenthal

WASHINGTON — We all know now. We know that Western businesses, with the approval or connivance of Western governments, sold Saddam Hussein weapons, materials and techniques that empowered him to start the Gulf War and move to within a few years of becoming a nuclear weapons power.

Someday one of those fellows writing the world as much grief as did Saddam. Someday new prosecutors and juries will be looking into this again too late to save lives.

Iran is deep in rearmament — a coordinated buildup of conventional forces, plus chemical and biological missile systems and a clean thrust toward nuclear weapon power.

4. In the United States, 60 percent of all Iranian license applications from 1987 to 1990 were for "dual use" nuclear items. The Commerce Department reviewed 456 "nuclear-relevant" applications and approved 306, market value \$172,094,839 — not the biggest supplier, just part of the world bazaar.

6. Tehran also pokes around nations in the former Soviet Union to see what is on the shelf, such as a nuclear bomb or two.

8. Given the growing technological sophistication in Iran and its industrial drive, it is unlikely its nuclear weapons program can be stopped.

9. If there is a chance to brake nuclear proliferation it is out through inspections, which did not manage to spot past Iraqi or Iranian violations.

10. The only hope is enforcing national and international sanctions against supplier companies and countries and bringing strong international pressure against Iran's rogue suppliers, China and North Korea.

11. Many members of Congress, of both parties, liberal and conservative, have fought for years to give U.S. law more sanction power.

12. Each attempt involved wrangling with the White House. Supporters of strong sanctions, in both parties, say the Bush administration puts the proliferation issue on the back burner. Also, countries or businesses peddling nuclear supplies tend to hate sanctions, a lot.

13. Tuesday, the effort in the House of Representatives, pushed once more by Representative Howard Wolpe of Michigan, came up again. It died in legislative deadlock.

14. Then Thursday, as the congressional session was about to adjourn until next year, Senators Claiborne Pell, John Glenn and Jesse Helms tried to get action in the Senate. The administration managed to get the necessary one senator to withhold unanimous consent. One senator can, anonymous under the Senate's peculiar rules, blocked it.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Chaos in Serbia

PARIS — The little kingdom of Serbia is in a state of complete confusion: crisis after crisis occurs in the Regency, the Ministry, and the Chamber. The result of all these crises is an extraordinary state of affairs, under which a Liberal Cabinet is forced to carry on the Government with a Chamber consisting of 15 Liberals and 119 Radicals. The Chamber has dissolved, and the country is in utter disorder. The Mayors and Prefects refuse to obey the Ministers. Bands of brigands are prowling all over the country plundering villages under the pretence of politics.

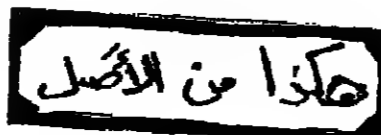
1942: Limiting Chatter

WASHINGTON — [From our New York edition:] All long-distance telephone calls, beginning Nov. 1, will be subject to cutting off by operators if they are not in the interest of the war and public safety. The Board of War Communications announced today [Oct. 9]. Operators will have the right to listen in and clear the wires for calls of higher priority. Many long-distance conversations are social rather than vital and are delaying the war effort, it was said. Appeals have been made before to hold long-distance calls, and today's action indicates they were futile.

1917: Egypt's New Sultan

LONDON — Prince Ahmed Fudud succeeds Hussein Kamel, whose death was announced yesterday [Oct. 9], as Sultan of Egypt. The new Sultan is the youngest brother of the late ruler. He received most of his education in Italy and is known for his broad-minded ideas, which enables him to be safely predicted that he will follow in the footsteps of his predecessor whose loyal and steadfast policy did so much good in Egypt. Prince Ahmed Fudud has been consistently friendly toward Britain and has always lived on the most cordial terms with the British officials.

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Can We Stop The Dictator

The British Won't Be Bullied, Major Vows

By William E. Schmidt

New York Times Service LONDON — Following a week of sharp divisions and bitter wrangling, Prime Minister John Major...

As the party's annual conference opened in Brighton, Mr. Major had his last word on his critics, blending appeals to British nationalism with a grim warning that Britain could not afford to be left scrambling in the wings while other people make the policy for our continent.

Supporters argued that despite continuing protests of critics, Mr. Major had bettered his chance that Parliament would ratify the treaty on European Union, when it comes before the House of Commons near the end of the year.

His remarks were a sharp rebuttal to a speech by Margaret Thatcher, the former prime minister, who had used the conference week to heckle and harass the treaty — and Mr. Major's vision of European union — as a surrender of British sovereignty.

Mr. Major ridiculed critics of European union as "Don Quixotes: fighting imaginary battles, tilting at windmills in the belief they are giants, seeing things that are not there."

In some ways, the European debate had become a kind of emotional tug-of-war between Mr. Major, the affable party leader, and iron-willed Lady Thatcher.

By one measure, Mr. Major appeared to have won: Lady Thatcher called a 2½-minute standing ovation on Thursday. Mr. Major's speech Friday got 7 minutes, 12 seconds of applause.

DANES: Looking for Alternatives

(Continued from page 1)

which have been worked out up to now by the Community's institutions in Brussels.

If you read the options they have put out there you see that minds in Denmark are moving in the same way as ours," Foreign Secretary Douglas Hurd of Britain said.

In Germany, the legislature gave a preliminary vote of approval to the treaty on Thursday at the opening of a debate on ratification. But Finance Minister Theo Waigel and other government officials promised that there would be no uncontrolled growth of the EC bureaucracy's power to make rules and regulations over the heads of people in the member countries.

The treaty, signed in December in Maastricht, Netherlands, provides that countries that meet strict economic criteria can form a common currency as early as 1997. But after the turmoil on European currency markets caused by uncertainty about the outcome of the French ratification of the treaty last month, bankers and politicians throughout Europe concede that the Maastricht dates were unrealistic.

Some think that monetary union will remain a dead issue even if all 12 countries ratify the treaty, as they must before it can go into effect. Foreign Minister Emilio Colombo of Italy urged his parliament to do so even before Friday's emergency meeting of European Community leaders in Birmingham, England.

Prime Minister John Major, who pulled the British pound out of the

BRANDT: Author of Germany's Ostpolitik Dies at 78

(Continued from page 1)

peace policy," and its effect was to close the books on Germany's role as an international pariah.

From the beginning of World War II, Mr. Brandt had been animated by the belief that Germany's future lay in a united Europe.

Mr. Brandt had overcome enormous adversities throughout his life: his birth was illegitimate and he was a political exile in Norway in the Nazi era, until his return to Germany in 1948.

Willy Brandt was born Herbert Ernst Karl Frahm, on Dec. 18, 1913, the son of Martha Frahm, a young shopgirl in Lübeck.

He grew up largely in the care of a neighboring woman until his grandfather, who was passionately committed to the Social Democratic Party, gave the boy his first political lessons.

During World War II, he declared: "The international balance of power will have changed essentially. None of the truly European states will be counted among the leading great powers. Germany will play the role of a second-rate power."

Last Thoughts From Brandt: 'Germans, Accept Sacrifice'

Washington Post Service

BERLIN — Willy Brandt, the West German leader who helped his country regain some of its lost honor by reaching out to former enemies and victims, died only after leaving his reunited nation with a frank warning about its future.

Several leaders of Mr. Brandt's Mr. Social Democratic Party called on Germans to take to heart his prediction that German unification will take longer than expected, but will nonetheless eventually strengthen the country.

Interviewed by The Washington Post several months before his death, Mr. Brandt said that he and most other German politicians originally believed that Eastern Germans could be integrated into the reunited country far more simply than has turned out to be the case.

Western Germans, he said, must be more flexible while Eastern Germans need to cast off the yoke they bear from decades of believing that they got stuck with "the greater part of the burden of Germany's division," Mr. Brandt said.

IRAQ: American Held

(Continued from page 1)

provocation from the Iraqi leader, Saddam Hussein, to take tough action. But so far, the United States seemed determined to pursue the issue through diplomatic means.

The border area where Mr. Hall worked, clearing some of the more than 500,000 Iraqi mines and tons of unexploded munitions, has become increasingly volatile after Iraq's rejection in May of the demarcation line drawn by a United Nations team. The team surveyed and set the boundaries under the terms of the cease-fire agreement after the war.

The southern parts of Umm Qasr, including some of the docks that made it the main Iraqi Navy base and its only commercial port after the Iran-Iraq war, were allowed to spread into Kuwaiti territory in the years before August 1990, when Iraqi troops seized the rest of the country.

The Iraqis were forcibly evicted in February 1991, but the wharves in southern Umm Qasr remain under Iraqi control, including police officers and customs inspectors.

Mr. Brandt, first elected chairman of the Social Democrats in 1963, was overwhelmingly re-elected in November 1975, but he soon became little more than a figurehead when the party dissolved into four factions and sometimes five. He held the post until 1987, when he resigned over his attempt to elevate a Greek woman who was a family friend to the post of party spokeswoman.

In 1976, he was also elected chairman of the Socialist International, the Social Democrats' umbrella organization, a post he resigned on Sept. 14, 1992, while under treatment in a Bonn hospital for his final illness.

Protestant Slaying in Belfast BELFAST — Protestant gunmen killed a fellow Protestant as he worked by an East Belfast roadside on Friday, the police said. A caller to Belfast news agencies said a small Protestant group, the Red Hand Commandos, had carried out the killing but gave no reason why.

UN Rejects Iraqi Appeal The United Nations has refused an Iraqi request to postpone the scheduled arrival next week of a large team of weapons inspectors. The Associated Press reported from Baghdad on Friday.



Willy Brandt, who died at 78.

ive against West Berlin to curb the flight of East German refugees, which had reached 3 million. The night of Aug. 12-13 they began raising barriers along the 45-kilometer (28-mile) border between East and West Berlin.

Meeting no resistance from the three Western powers — the United States, Britain and France — the Communists soon expanded the Communist takeover in Czechoslovakia that spring, saying: "To socialize the plumbers and the barber shops, they establish the proletarian dictatorship and Red terror. Old Marx would turn in his grave if he knew what bold foolishness one created in his name."

Mr. Brandt did not make a broader political impact until November 1956 when, after better-known figures had failed, he succeeded in turning back a mob bent on storming into East Berlin to protest the crushing of the Hungarian uprising by Soviet tanks. He accomplished this by leading the singing of the "Good Comrade" song.

Mr. Brandt was elected mayor of West Berlin in September 1957, and the post provided a springboard.

In 1958, the threat of the Soviet leader, Nikita S. Khrushchev, to "free" West Berlin within six months elevated Mr. Brandt to international renown. He traveled tirelessly abroad in behalf of the beleaguered city.

The Khrushchev threat dissolved into a round of East-West diplomacy that lasted almost two years.

In 1961, the Soviet Union and East Germany began a new offen-

Table with multiple columns listing various international funds, their names, and numerical values. Includes sections like 'INTERNATIONAL FUNDS', 'CREDIT ADVISORY: ADOPTERS', and 'Other Funds'.

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TAIWAN

NEW BLUEPRINT FOR DEVELOPMENT

Next Great Leap: Realigned Economy

Taiwan's foreign-exchange reserves, the world's largest, leapt to \$88 billion at the end of July this year, boosting expectations that the nation would continue to be a key source of investment capital in the Asian region.

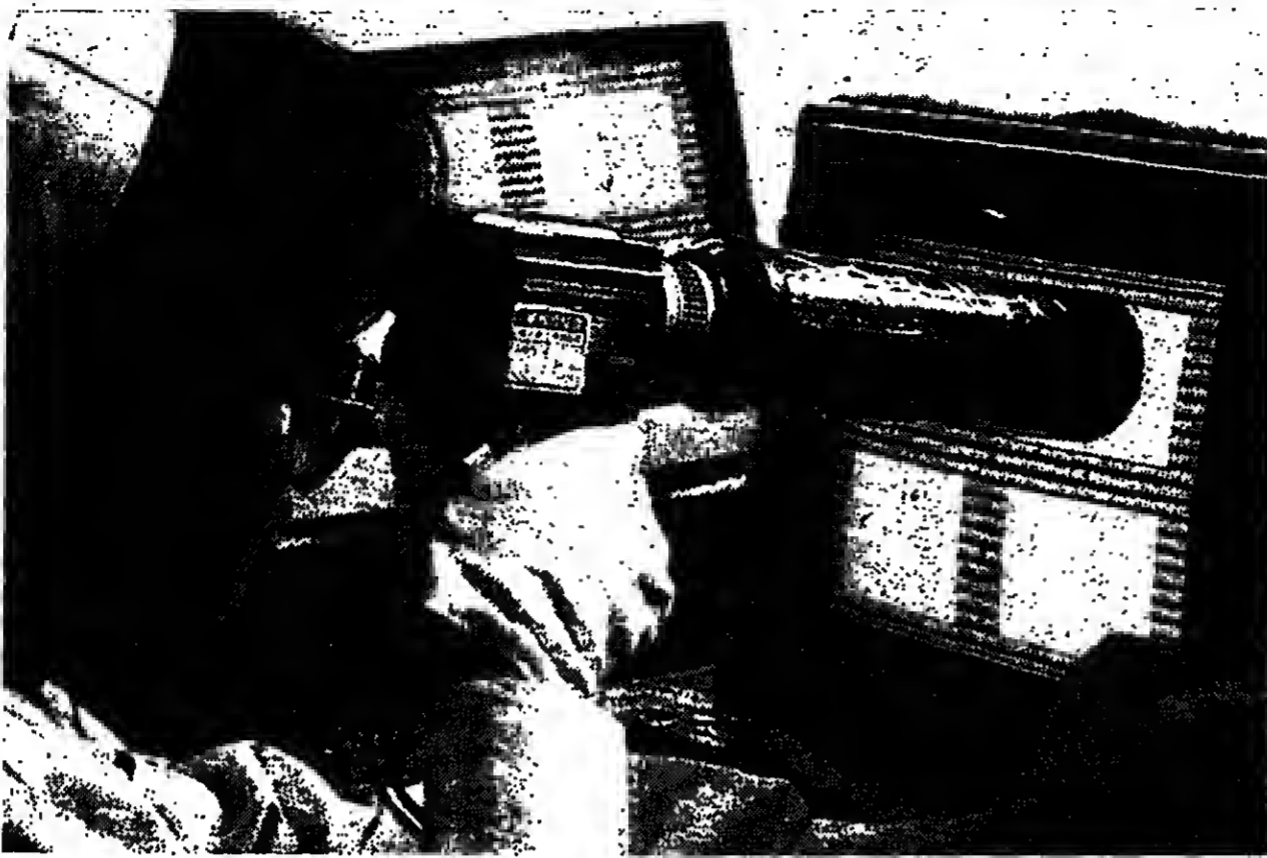
To some extent, the Republic of China on Taiwan remains one of the region's most energetic investment donors. Its total investments overseas amounted to \$12.4 billion from 1986 to 1990, with well over \$3 billion poured into mainland China alone; Taiwan's private investors and its \$1.2 billion International Economic Cooperation and Development Fund are now targeting Vietnam, Indonesia and the Philippines as priority locations for new manufacturing investment and aid loans.

A corresponding marked drop in the island republic's overseas investment, however, has prompted analysts to take a new, searching look at Taiwan's own priorities: The nation approaches the 21st century with loaded coffers and remarkable success as a low-cost export-manufacturing center, but its regional and global influence still carry no diplomatic clout.

Analysts are pinpointing two significant trends that reflect where the bulk of Taiwan's investment interest will lie in the coming years. The initial wave of Taiwanese investment — billions of dollars committed between 1989 and 1991 to cheaper offshore manufacturing sites in Asia, including China — is slowing down. The current move to expand investment and loans in Vietnam, Indonesia and the Philippines simply takes advantage of the last really attractive low-cost opportunities in this immediate region.

At the same time, a plunge in the nation's overall Taiwan: Asian financial capital by 1996?

global investment — which fell by 62.5 percent, to \$281 million, in the first quarter of 1992 — is largely seen as a move to conserve capital for the republic's next phase of development. Taiwan has embarked upon an ambitious, six-year program aimed at massive infrastructural devel-



A new, searching look at priorities: Can Taiwan balance its twin goals of huge infrastructural development with continued industrial and technological growth?

opment and the upgrading of its export economy to high-tech production: these moves are designed to maintain economic growth — expected to climb back to 7 percent this year — and underpin Taiwan's international status in the next century.

The \$303 billion National Development Plan covers 715 projects ranging from new highways, railway and rapid-transit systems, power stations, sewage facilities and hospitals to tourism and recreational amenities.

Meanwhile, the vigor of the campaign to shift the base of the island's economy from labor-intensive manufacturing to high-tech production and research can be seen in the current highly publicized forays into aerospace development.

Over the past year, Taiwan Aerospace Corp., 29-percent government-owned, has put up a \$2 billion offer to buy 40 percent of McDonnell Douglas's struggling commercial aircraft unit. More recently, Taiwan Aerospace Corp., which has never built an aircraft of its own, offered British Aerospace \$200 million for a 50-50 joint venture to build the new BAe 146 "whisper jet." It has also signed an agreement with Singapore Aerospace to set up a maintenance center in Taipei for smaller passenger aircraft.

In another \$48 million government-funded project, Boeing Co. has been enlisted to help build a quality-assurance laboratory to test aircraft components — yet another step in what the Taipei government hails as a \$6 billion scheme to make Taiwan a leading aerospace manufacturing center by the turn of the century.

On the financial front, Taiwan aims to rival Hong Kong and Singapore as a banking and financial-services center by as early as 1996, although analysts say it would take more like 10 years to achieve this. Nevertheless, Taiwan has significantly overhauled banking and financial regulations, relaxing controls on capital flow into the republic, establishing a small interbank foreign-exchange market, allowing foreign banks to take savings deposits and opening up the stock market to foreign participation. In the latest move, an additional 30 foreign banking licenses have been issued, raising the number to 85.

With such an expensive and far-reaching domestic development agenda, it is no wonder that Taiwan's overseas investment has fallen so dramatically. Government officials cite the Western recession as being partly to blame, but there is little doubt that concern for the vast outlay of capital that is needed at home is going to curb

outside investment, or at least make it more selective, in the years to come.

Indeed, since the National Development Plan was first unveiled, government officials and economists have been warning that, even with \$88 billion in the chest, there may not be enough money to go around.

What began as a national goal has now become a "national guideline," with some of the projects in doubt and industrialists warning that the country cannot have things both ways — huge infrastructural development on the one hand and industrial and technological growth on the other.

The opinion of some economists is that Taiwan will need investment from overseas to complete the plan without creating a substantial government debt. In fact, the plan includes contracts worth between \$50 billion and \$70 billion, which will be open to foreign bidders.

All this has become apparent, however, at a time when foreign investment into Taiwan has also taken a nosedive — down 32 percent, to \$764 million, in the first seven months of this year, compared with the same period in 1991. The global economic downturn, Taiwan's rising inflation and appreciation of the Taiwan dollar have been given as the chief reasons for the drop; if it continues, the downturn could deal a body blow to the key strategy of the republic's new industrial revolution — technology transfer.

The government has responded by throwing open more of the economy to foreign participation. It has announced plans to reduce the "negative list" of 283 industries and service sectors from which foreign investment has been banned for the past 38 years. These include banking and insurance, some public utilities and publishing.

In a bid to stimulate new investment, the Government Information Office has been reminding foreign companies that "Taiwan offers highly trained technicians, a strong industrial base with many support industries and a well-developed infrastructure."

The GIO also points out that foreign investors can maintain 100-percent ownership of their enterprises and

Economy shifts to high-tech production

are guaranteed for 20 years against "government expropriation."

The investment bureaucracy has been relaxed as well. The Investment Commission is now able to process foreign-investment applications of less than \$4 million for nonpolluting industries in 10 days instead of 30 days. Amid warnings that the National Development Plan could take up to 15 years to complete rather than the six years envisioned at the moment, some officials and business leaders have urged that there be no project delays or postponements that could hurt foreign companies.

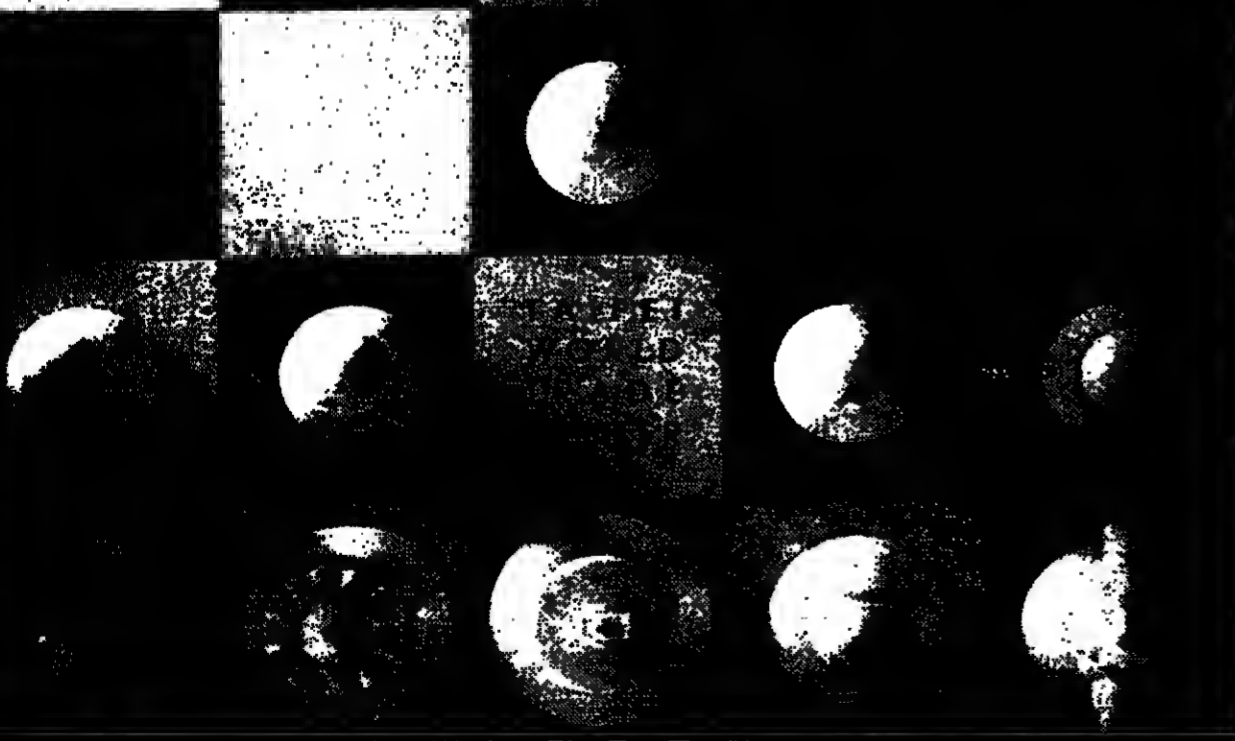
Taiwan has a lot at stake in this ambitious plan. The republic is counting on it to maintain a 7-percent growth rate through 1996 and to raise its per-capita income from its present \$8,800 — the fourth-highest in Asia — to \$14,000.

Some observers believe that Taiwan can accomplish its domestic goals and continue to hold its position as the world's seventh-largest exporter of capital.

"Our businessmen are awash with funds and will continue to invest abroad aggressively," a central bank official says. Others, however, expect investment overseas to be far more prudent, selective and strictly targeted in the future.

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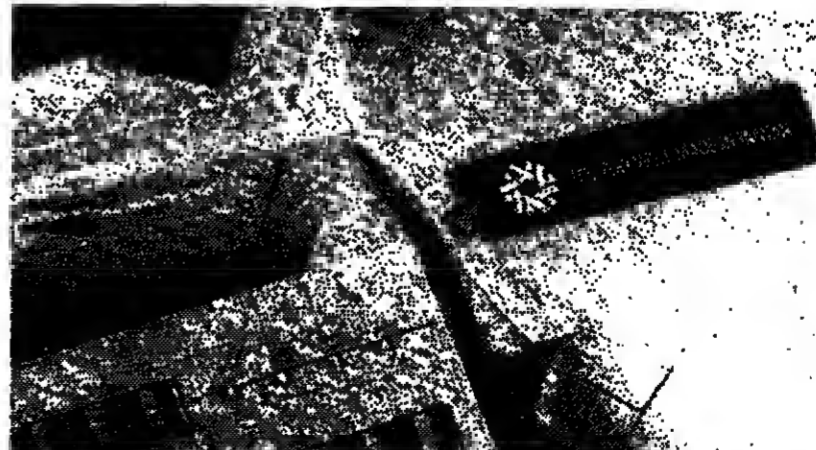
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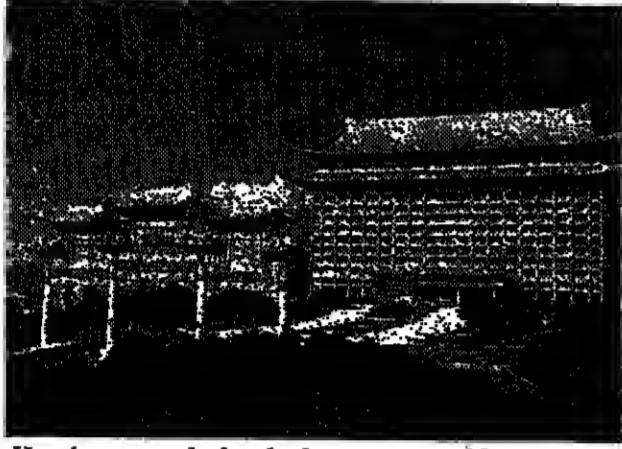
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Upsurge in Leisure And Business Travel

The sharp appreciation of the Taiwan dollar has come as a bonus for many Taiwanese travelers this year.

About 2 million Taiwan residents flooded overseas destinations in the first six months of this year, and their total spending jumped 34 percent, to \$3.52 billion. The Bureau of Tourism expects this number to double by the end of the year and expenditure to reach \$6.5 billion to \$7 billion, compared with \$5 billion in 1990 and a mere \$1.8 billion in 1986.

Although the government attributes the new surge to the Taiwan dollar's rise in value, overseas travel has been increasing dramatically since the island republic took steps to end its "Fortress Taiwan" image in the late 1980s, allowing virtually unrestricted foreign travel for all Taiwanese, notably to mainland China, and easing foreign-exchange controls.



Hotels are ready for the business-travel boom.



Taiwan's capital: a bridge across cultures.

the Taiwanese tourist has changed from that of the first-time package-tour traveler to the fairly seasoned globe-trotter. "A few years ago, many people used to travel abroad once a year," says a Bureau of Tourism official. "Now, many people go abroad twice or three times a year."

\$7 billion on the mainland. With Taiwan currently the leading investor in Vietnam, Taipei agencies are doing a brisk trade in large business-travel tour packages aimed at searching

The latest statistics do not distinguish between tourists and business travelers, but business travel to and from China is believed to account for a big percentage of the total. Since the 40-year-old ban on travel to the mainland was lifted, allowing family reunions and then business "reconnaissance" trips, it is estimated that the Taiwanese have spent up to

The Taiwanese are now seasoned globe-trotters for trade and investment opportunities. With Taiwan strategically situated between Southeast and East Asia, roughly halfway between Singapore and Japan, domestic business travel and tourism development is one of the sectors high on the agenda of the National Development Plan.

The travel infrastructure is being radically upgraded, with a \$1 billion plan to double the capacity of Chiang Kai Shek International Airport and relocate the crowded Kaohsiung airport in the south.

Declaring that Taiwan aims to become one of Asia's major air transshipment centers in the next few years, Communications Minister Eugene Chien has pointed to negotiations to increase the number of foreign cities served by Taiwanese airlines from 24 to 45.

In Taipei, a \$1.5 billion, 41-kilometer (25-mile) rapid-transit system is planned to link the international airport with the downtown domestic Sungshan Airport terminal. This system will in turn be integrated into a new city-wide subway, one of seven urban networks proposed across the island. Interisland travel will be improved by two major transportation projects — a network of new highways and a \$13.5 billion, 354-kilometer high-speed rail link between Taipei and Kaohsiung, running down the industrialized eastern seaboard. The railway, scheduled to be in operation by 1998, will cut the travel time between the two cities from more than

four hours to just over 90 minutes. With more than 25 five-star hotels now available in Taipei alone and a crop of redeveloped three-star properties springing up in the capital and elsewhere, analysts expect a modest 3 percent to 5 percent annual growth in business travel until the infrastructure can cope with more. Taipei's largest five-star hotel is the 10-year-old, 1,000-room Lai Lai Sheraton, recently renovated to keep pace with the crop of new properties that have come in to take advantage of the business-travel boom. Among the newcomers,

the Hotel Royal Taipei, operated by the Japan Airlines subsidiary Nikko Hotels International, marks a bold expansion strategy in which the group plans to have 50 hotels operating in Asia and elsewhere by 1996 and double that number by the year 2000.



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'A Symbol of Excellence' and Other Strategies

Chalking up the world's second-biggest trade surplus — \$5.26 billion — in the first half of 1992, Taiwan remains one of the world's most aggressive export economies.

Despite the robust trade figures posted in the first six months of 1992, Taiwan's June monthly surplus showed the writing on the wall: It plunged 69 percent, to \$530 million, compared with the same month in 1991. By September, figures for the first eight months of this year pointed to a 17-percent drop from the same period in 1991, even though exports had inched up nearly 10 percent and there had

trade-surplus figures, the government has accelerated its campaign to upgrade Taiwan's export industries to value-added high-technology production. Emergency measures announced in August include proposed low-interest government loans, worth a total of \$194 million, to small and medium-sized export businesses to help them upgrade technology and buy new equipment.

in its six-year National Development Plan. Meanwhile, business with the special economic zone of Xiamen, Taiwan's key trade and investment center in China, has burgeoned to the point where

direct cargo and passenger shipping services are being proposed — a development that could supersede Hong Kong's role as entrepot. The government is also urging investors to move into Mexico and Eastern Europe to build manufacturing beachheads in North America and Europe. China remains its

key opportunity for the future, however, and Economics Minister Vincent Siew envisions Taipei's domination of a Chinese Economic Community, including Hong Kong and Macao, with a combined gross national product of \$280 billion and the potential of becoming an "industrial zone second to none."

Taiwan: exporting more, earning less

been a 16.9-percent increase in Taiwan's surplus with the United States. Trade officials and industrialists blamed much of the slump on the strong appreciation of the Taiwan dollar, which is expected to maintain its record high of 24 to 24.5 Taiwan dollars to \$1 through the end of this year. As the January-August figures indicated, Taiwan was exporting more products but earning less — a trend that is alarming business leaders. "The appreciation of the Taiwan dollar is a serious threat to the profitability of many exporters," says Peter Hsu, chairman of the rubber and plastic-products exporter, the Formosa Rubber Group.

On another front, the China External Trade Development Council (CETRA) has announced an "Image Week" promotion in January next year at which a "Symbol of Excellence" will be awarded to top-quality export products chosen by a panel of international and local judges. The symbol, designed by a California consultancy, will be awarded in coming years as a seal of approval on what CETRA Secretary General Agustin Tingsu Liu terms "the most highly deserved quality products that are of world-class caliber." Mr. Liu says that "real Taiwan product quality and a perceived global reputation for production quality are the true twin engines of our future economic potential."

Product quality is engine of growth

worries at the moment, most notably its chronic deficit with Japan, which is expected to rise to \$11 billion this year. Its trade strategy remains aggressive, however, and economists believe that it can maintain export growth while it conducts its new industrial revolution. Two-way trade with mainland China continues to boom. It increased from \$4 billion in 1990 to \$5.8 billion last year and shot up another 34 percent, to \$3.4 billion, in the first half of 1992. Trade officials expect it to reach \$7 billion by the end of this year, while economists predict it will reach \$8 billion. Board of Foreign Trade officials attribute the leap to a surge of investment in China, and this rush to establish primarily manufacturing industries on the mainland has begun to alarm the government.

Although still running at about 19 percent of Taiwan's overall trade, business with China — conducted indirectly through Hong Kong — has grown so big that the government is trying to curb further major investment there. Taipei is not only worried that the economy is becoming too dependent on the mainland, but it also wants investment capital retained for domestic use

Meeting the Challenge of a New World Order: the Republic of China at Eighty-one

October 10, or Double Tenth National Day, commemorates the Wuchang uprising of 1911 which led to the establishment of the first republic in Asia. Now in its eighty-first year, the Republic of China has come a long way. Considered an economic backwater a few decades ago, it is today one of the four newly-industrialized countries in the Asia-Pacific region. In the next few years, Taiwan will apply the experience gained in nation-building to a number of ambitious plans, which include accelerating national development and democratization; improving relations with mainland China; and playing a greater role in the international community.

This year the ROC government will spend millions of dollars to improve the quality of life on the island. The Six-Year National Development Plan, a comprehensive blueprint for economic development, is currently being implemented. New freeways, high-speed railways, urban mass transit systems, housing, recreational facilities, pollution control, and a host of other public works projects are in various stages of planning and construction.

Nineteen ninety-two is the year of constitutional reform for the ROC. The democratically elected National Assembly has been entrusted with the responsibility of amending the constitution. In May, the assembly successfully completed the second phase of the reform process, approving eight reform measures.

Improving relations with the mainland is also a key issue on the agenda. Taiwan is working for the reunification of China. The ROC's position is summed up in the Guidelines for National Unification, which was adopted by the government last year. According to the guidelines, unification is dependent upon the mainland developing its economy, pursuing political democratization, and reducing hostilities directed at Taiwan. Only after these conditions are met can a democratic, free, and equitably prosperous China emerge. For the short-term, the government encourages people-to-people contact across the Straits.

ven though Taiwan belongs to only a few world organizations, it has been, and will always be, a responsible member of the international community. The Republic of China has worked to reduce tariffs and trade imbalances, and to internationalize its economy. Taiwan is also ready and willing to help the developing nations of the world. An International Economic Cooperation Development Fund of US\$1.2 billion has been set up and more than forty technical assistance teams have been sent to various parts of the world.

Taiwan is entering a new era of global involvement and domestic growth. Double Tenth National Day is a time for the citizens of the Republic of China to celebrate their accomplishments and to look toward an even brighter and more prosperous future.

TAIWAN TODAY
Population: 20.5 million
GNP: US\$180 billion
Literacy rate: 93 percent
Major religions: Buddhism, Taoism, Catholicism, Protestantism, Islam.

Tourism: 1.85 million inbound visitors and 3.37 million outbound travelers.
Exports: US\$76 billion including electronics, machinery, electrical products, textiles, metals & plastics.
Imports: US\$63 billion including electronics, machinery, chemicals, crude oil, transportation equipment.

The Six-Year National Development Plan: With investment capital estimated at US\$303 billion, this massive reconstruction plan envisions the Republic of China on Taiwan as a fully developed country by 1996. Its goals are to promote the balanced development of Taiwan's regions and to raise the quality of life for its people.

هذا من الأصل

Some Good News for Buyers

LONDON — All the indications are that it will be a good season for those who buy art for pleasure. Prices are sagging and important works are tumbling onto the market.

Even areas that were virtually immune from speculation such as European ceramics from the late Middle Ages to the 18th century are oriented downward. Prices are increasingly close to the lower estimates, with more and more pieces failing to sell altogether.

Evidence of the downward trend was provided on Wednesday at the auction of the John Philip Kassebaum collection of early European

SOURLEN MELIKIAN

pottery held at Sotheby's, Kassembaum, a New York lawyer, is described by those who have approached him as a connoisseur of the old school. A distinctive taste for vigor can be detected in the shapes and patterns. This generally stimulates buyers, particularly fellow collectors prompt to respond to a strong aesthetic profile. If it did this time, the effect was hard to measure.

There were quite a few surprising failures. Two early pieces carried such modest estimates that they seemed sure to sell. A late 14th- to early-15th-century jug with ovoid body and slightly everted neck covered in a motley green glaze down to the shoulder estimated to be worth £300 to £400 (about \$500 to \$600) remained unsold at £260. More surprising, a beautifully shaped jug of the 14th century with a rusty brown glaze was stranded at £550. The £800 to £1,200 estimate given by the expert Peter Arney was not unduly ambitious — on July 16, 1991, a similar piece rose to £2,420 at Sotheby's.

MISHAPS of this kind affected the later periods as well. A pretty English plate decorated around 1740 with a blue and white mimosa pattern was bought in at £280. Arney, not unreasonably, thought it would go for £400 to £500. On Oct. 1, 1991, one that closely resembled it fetched £258.

Failures were not confined to low-priced vessels. A beautiful Tuscan jar of the late 16th century with the arms of the Medici fell flat at £2,900 — not far from low estimates at £3,000. Higher up in the scale of rarity a superb and large jug of the early 15th century with the arms of Manfredi of Bologna didn't sell at £9,500, against a £12,000 to £18,000 estimate. At intervals, cash was available for a few expensive objects, invariably of the utmost rarity even if not the most attractive.

For example an oval dish decorated in relief with a reclining Venus holding a naked infant, which was made in London and is dated 1674, went up to £35,200. Spooky it may be. But, Arney said, there are perhaps 12 or 14 dishes of this type in the world. Another London dish of the late 1630s decorated with a snake slithering in the middle, two lizards and four frogs, all in relief against a ground of shells and leaves climbed to £41,800. Apparently, only one other related dish is known.

A very large display pharmacy jar with the arms of the Worshipful Society of Apothecaries — a rare feature — and dated 1656 shot up to £49,500. One other dated jar is mentioned.

FOR SALE

Monroe photographs: Photographs of Marilyn Monroe, including the classic nude one taken when she was a hungry Hollywood nobody, are expected to bring hundreds of pounds each at a London auction this weekend. The original print of a picture taken in 1949 when, as a struggling 23-year-old actress, Monroe desperately needed the \$50 offered by the photographer Tom Kelley shows her lying sideways on a sofa, then, her face turned to the camera. It was later reproduced as a calendar that is a key item of the Monroe mythology. Bidding for the print is expected to start at £1,500 (\$2,520) at the auctioneers Bonhams. The Knightsbridge auction will include portraits of Vivien Leigh, Clark Gable, Judy Garland, Ava Gardner, Marlon Brando and Charles Laughton.

Napoleonic items: Personal items of Emperor Napoleon I will be auctioned off this month in Munich, the Hermann Historical auction house said. Included in the sale are a camp bed used by Napoleon during his military excursions through most of Europe. The owner of the bed, who was not identified by name, expects to receive not less than 120,000 Deutsche marks (about \$86,000) for the folding iron construction. Also available at the Oct. 16-17 auction is a black felt hat worn by Napoleon, expected to bring at least 35,000 DM, the statement said. Napoleon is said to have owned 120 such hats during the 15 years of his reign.

Mr. Spock's ears: A pair of pointed rubber ears worn by the character Mr. Spock in the television series "Star Trek" were sold at a London charity auction on Thursday for £700. The ears were donated by the actor Leonard Nimoy, who played Mr. Spock, from the planet Vulcan. The ears were auctioned in London to raise money for the city's boys' clubs.



From left, a Deruta jar from Umbria, circa 1530; 17th-century Tuscan Montelupo dish that was sold for £2,200, and a Rhineland silver-mounted glass jug that fetched £24,200.



Thyssen Museum

(Continued from page 1)

"It will fill many holes in our state collections," Tomás Llorens, the museum's chief curator, said.

Wooded by France, Britain, Germany and other governments that had heard he was ready to lead his collection, Baron Thyssen-Bornemisza has said he chose Spain because it offered the best conditions — and because his 49-year-old wife, a former Miss Spain whom he met 10 years ago, urged him to do so.

AT TIMES, though, it almost seemed as if Spain were indifferent to the idea. The Prado Museum's then director, Alfonso Pérez Sánchez, complained that he had been promised the Villahermosa Palace so that part of the collection stockpiled in the Prado could at last be seen by the public.

Some art critics also argued that Spain was paying too much — the \$45 million cost of renovating the palace and a \$5 million annual "rent" — for the collection. Now, however, this controversy has abated. "I don't think everyone understood just what we were getting," Mr. Llorens said. "You know, a temporary exhibition lasting just three months can cost \$3 million."

The collection was begun by the baron's German father, also Heinrich, who in the 1920s and 1930s turned a significant inheritance into a huge Rotterdam-based empire involving shipyards, mines and docks. He moved the collection, which at the time comprised mainly Old Masters, to Switzerland before the outbreak of World War II. After his death in 1947, a Swiss court ordered its distribution among his four Dutch-born children. The young Heinrich, who is now a Swiss national, then spent years buying paintings back from his siblings. He enormously enriched the collection by adding 19th- and 20th-century masterpieces.

Now displayed in chronological order in 48 rooms covering three floors of the Villahermosa Palace here, the collection provides an extraordinary overview of European and American painting, starting with Italian Primitives and Medieval Art and ending with Surrealism and Pop Art.

In between, every great European Master from Hans Holbein, Carpaccio, Caravaggio and El Greco to Rubens, Velázquez, Rembrandt, Canaletto and Goya is represented, while Renoir, Monet, Degas, Manet, van Gogh, Toulouse-Lautrec, Cézanne and Gauguin are among those speaking for the Impressionists.

Particularly unusual is the collection of 19th-century American works, with painters like John Singer Sargent, Charles Willson

Peale, Winslow Homer, George Inness and John Sargent.

The final section on the main floor illustrates the development of painting throughout the 20th century, with Kandinsky, Grosz, Munch, Mondrian, Braque, Picasso, Chagall, Hopper, Gris, Pollock, Wyeth, Hockney and Lichtenstein just some of the avant-garde artists whose works are on display.

Among private art collections, this is said to be surpassed in size and importance only by that inherited by Queen Elizabeth II. Baron Thyssen-Bornemisza has kept a few score paintings in his home and another 80 will soon hang in the Pedralbes Monastery in Barcelona; but the rest can be seen here.

Under the agreement with Spain, a Thyssen-Bornemisza Collection Foundation was created, with the baron as president and the baroness as vice president. It was given \$90

million by the Spanish government to cover the cost of renovating the Villahermosa Palace and the "rent" for the collection. It will also supervise management of the museum.

The baron also wanted to retain the right to sell or exchange paintings in order to improve the collection. Under a separate accord, about 75 percent of paintings were defined as the "core" of the collection and cannot be changed, while the balance can be altered by mutual agreement between the owner and the Spanish government.

SEVERAL key questions remain unanswered. Will the collection remain here beyond the initial nine and a half year contract period? If it does, will the loan agreement merely be extended? And if the collection becomes the property of Spain, how much will Spain pay for it?

"My desire is that the collection stay in Spain," the baron said this week. "We have over nine years ahead of us and I am confident it will stay here forever." But he recalled that the collection is owned by a trust in which his four children participate. "We'll have to persuade all of them that it should remain in Spain," he added.

His wife at least determined this should be the case. "My dream — to see my husband's collection in Spain — has become a reality," she noted. "Now all that remains is to ensure it stays here forever and we will achieve that too."

That sheer rarity was the ultimate criterion was shown by the few rare bouts of enthusiasm. A 17th-century dish crudely done at Montelupo preserves an extraordinary document — the figure of a musketeer taking a long stride as he steadies with one hand his weapon resting on his shoulder. This doubled its high estimate at £2,200.

A Gubbio dish dated 1526 in copper inlaid on the back and made in the workshop of Giorgio Andreoli exceeded the high estimate by nearly half as it soared to £18,700. As a historical document, it is very important. Moreover, it once graced one of the most remarkable American collections in the century, that of Horace O. Havemeyer whose 1929 bequest hugely enriched the Metropolitan Museum of Art.

Another rare object was a dish painted in Deruta around 1520. Saint Jerome, seen head and shoulders, looks up, his gaze lost in the distance where a small Jesus on the cross appears on top of a mound. The olive luster and light blue make a wonderful color scheme. The object brought £19,800 per cent more than high estimates.

But there were also sudden fits of weakness such as I have not witnessed in a long time. Some of the casualties were remarkable objects. A Venice Berrino dish lightly painted with flora scrollwork in

blue and white is as fine as they could be in the 1540s. Last seen at auction in Paris at the Palais Galliera, where it was sold in 1965 with the Adida collection, it left the attendance steeped in its brooding mood. The estimate was £4,000 to £6,000. It dropped dead at £1,700.

As the Kassembaum collection sale drew to an end, taking in £510,000 but leaving 67 lots by the roadside out of a total of 196, it left no one in doubt that here at least the market has markedly weakened by comparison with last year. Buyers seemed to wake up only when confronted with stupendous objects which they felt might over come their way a second time or with a few blue chips that are (almost) sure to be resold promptly.

MUCH the same message was flashed the day before in the sale of European glass and ceramics also conducted by Arney at Sotheby's. Of the two highest prices one was paid for one of the rarest objects seen this year. This is a glass jug from the Rhineland made in the later 16th century. Matched by one other jug now in the Victoria and Albert Museum, it has highly desirable silver mounts fitted in the 16th century, which the V&A piece does not have. The object is easily worth the £24,200 which it cost the city art museum in St. Louis, Missouri.

The other success story concerns a vessel that is equally unique in its way. This is a majolica dish dated 1540 and made in Urbino as stated by the inscription on the reverse. Painted with a mythological scene — Paris aims an arrow at Achilles' heel — it is the earliest of five pictorial dishes by an artist conventionally known as the "Della Rovere painter." At £28,600 it more than doubled its high estimate. Sooner or later, it will find its way into a museum.

In this depressed climate, opportunities for the sensitive connoisseur can only grow. There were quite a few in the Kassembaum sale. A footed bowl, 24 centimeters across, made in Umbria or Lazio in the 14th century, was highly important for its pattern borrowed from Iran via Syria. It is well known to art historians that Italian majolica came into being under Middle Eastern influence but few cases illustrate the link so directly. The footed bowl with its eight-petal rosette made a modest £660. Even if allowances are made for the restored areas, it is a bit of a bargain.

There were other opportunities in less rarefied areas. An exquisite English bottle decorated in blue and white with lotus blossoms rising under arches was highly affordable at £935. The mid-18th century piece is far from being banal — the

lots pattern, Indian rather than Chinese, is among the few that betray the impact of Indian art on pottery at such an early date in Anglo-Indian contacts.

As the season progresses, there will be more opportunities right at the top of the tree. Major works of art are coming back into the market at a time when cash is getting scarcer. On Nov. 10, Sotheby's will be offering important Impressionist and 20th-century masters in New York, including Matisse's "L'Asie," a portrait of a woman done in 1946 and an impressive early landscape of the painter's Fauve period.

Two weeks later Francis Brist will auction in Paris the collection of Alain Lesieur by order of the creditors. It includes Jean Dubuffet's "La Calipeute" sold for a record £2.53 million in April 1990 but now estimated to be worth 5 million to 6 million francs (\$1 million to \$1.5 million). In September 1988, it was for sale in New York at \$1.1 million, the Geneva dealer Daniel Varone tells me. These numbers give an idea of past excess as well as the readjustment process now underway.

Later still there will be seven Cézanne pictures at Christie's, London, on Nov. 30, including an 1879 landscape; "Les Baigneurs," done in the 1880s; and a study for "The Card Players," which is the portrait of a man smoking a pipe.

On Dec. 11, Christie's is offering five Robens works, of which one, the portrait of Madame de Vico, is appended to the Louvre portrait of Henri de Vico. Last heard of in 1848, it was considered lost and represents a stunning addition to the oeuvre of Rubens. The low estimates, £1 million to £1.5 million, says all about the current gloom. A Pieter de Hooch is believed by Christie's to be worth £4.5 million to £6.5 million.

THIS sudden abundance of important works is likely to increase. Old English families (the "Names") hit by the difficulties experienced by Lloyd's, and a variety of art-holders in Europe, the United States and Japan will be under pressure to sell. To these must be added works of art that go on being sold as part of the natural life process. The latest news is that the Italian majolica collection of the late Arthur M. Sackler will be dispersed at a Christie's auction in New York on Jan. 13.

The net result is that buyers can once again be choosy. It is up to the vendors to give ground. Over the long term nothing could be healthier. Prices will continue to go downward for quite a while but the art market has been given a new lease on life.

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NYSE

Friday's Closing
Tables include bid and ask prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	Div	Yld	PE	High	Low	PA	Chg
IBM				160 1/4	159 3/4	160 1/4	+1/4
Microsoft				67 1/2	67 1/2	67 1/2	0
Apple				53 1/2	53 1/2	53 1/2	0
Oracle				51 1/2	51 1/2	51 1/2	0
Amgen				48 1/2	48 1/2	48 1/2	0
Genentech				47 1/2	47 1/2	47 1/2	0
Novartis				46 1/2	46 1/2	46 1/2	0
Merck				45 1/2	45 1/2	45 1/2	0
Abbott				44 1/2	44 1/2	44 1/2	0
Boehringer				43 1/2	43 1/2	43 1/2	0
Novo				42 1/2	42 1/2	42 1/2	0
Amgen				41 1/2	41 1/2	41 1/2	0
Genentech				40 1/2	40 1/2	40 1/2	0
Novartis				39 1/2	39 1/2	39 1/2	0
Merck				38 1/2	38 1/2	38 1/2	0
Abbott				37 1/2	37 1/2	37 1/2	0
Boehringer				36 1/2	36 1/2	36 1/2	0
Novo				35 1/2	35 1/2	35 1/2	0
Amgen				34 1/2	34 1/2	34 1/2	0
Genentech				33 1/2	33 1/2	33 1/2	0
Novartis				32 1/2	32 1/2	32 1/2	0
Merck				31 1/2	31 1/2	31 1/2	0
Abbott				30 1/2	30 1/2	30 1/2	0
Boehringer				29 1/2	29 1/2	29 1/2	0
Novo				28 1/2	28 1/2	28 1/2	0
Amgen				27 1/2	27 1/2	27 1/2	0
Genentech				26 1/2	26 1/2	26 1/2	0
Novartis				25 1/2	25 1/2	25 1/2	0
Merck				24 1/2	24 1/2	24 1/2	0
Abbott				23 1/2	23 1/2	23 1/2	0
Boehringer				22 1/2	22 1/2	22 1/2	0
Novo				21 1/2	21 1/2	21 1/2	0
Amgen				20 1/2	20 1/2	20 1/2	0
Genentech				19 1/2	19 1/2	19 1/2	0
Novartis				18 1/2	18 1/2	18 1/2	0
Merck				17 1/2	17 1/2	17 1/2	0
Abbott				16 1/2	16 1/2	16 1/2	0
Boehringer				15 1/2	15 1/2	15 1/2	0
Novo				14 1/2	14 1/2	14 1/2	0
Amgen				13 1/2	13 1/2	13 1/2	0
Genentech				12 1/2	12 1/2	12 1/2	0
Novartis				11 1/2	11 1/2	11 1/2	0
Merck				10 1/2	10 1/2	10 1/2	0
Abbott				9 1/2	9 1/2	9 1/2	0
Boehringer				8 1/2	8 1/2	8 1/2	0
Novo				7 1/2	7 1/2	7 1/2	0
Amgen				6 1/2	6 1/2	6 1/2	0
Genentech				5 1/2	5 1/2	5 1/2	0
Novartis				4 1/2	4 1/2	4 1/2	0
Merck				3 1/2	3 1/2	3 1/2	0
Abbott				2 1/2	2 1/2	2 1/2	0
Boehringer				1 1/2	1 1/2	1 1/2	0
Novo				1/2	1/2	1/2	0

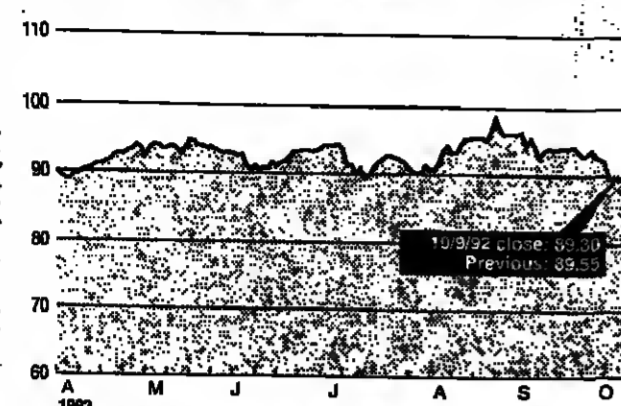
Stock	Div	Yld	PE	High	Low	PA	Chg
IBM				160 1/4	159 3/4	160 1/4	+1/4
Microsoft				67 1/2	67 1/2	67 1/2	0
Apple				53 1/2	53 1/2	53 1/2	0
Oracle				51 1/2	51 1/2	51 1/2	0
Amgen				48 1/2	48 1/2	48 1/2	0
Genentech				47 1/2	47 1/2	47 1/2	0
Novartis				46 1/2	46 1/2	46 1/2	0
Merck				45 1/2	45 1/2	45 1/2	0
Abbott				44 1/2	44 1/2	44 1/2	0
Boehringer				43 1/2	43 1/2	43 1/2	0
Novo				42 1/2	42 1/2	42 1/2	0
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Abbott				9 1/2	9 1/2	9 1/2	0
Boehringer				8 1/2	8 1/2	8 1/2	0
Novo				7 1/2	7 1/2	7 1/2	0
Amgen				6 1/2	6 1/2	6 1/2	0
Genentech				5 1/2	5 1/2	5 1/2	0
Novartis				4 1/2	4 1/2	4 1/2	0
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THE TRIB INDEX: 89.30

International Herald Tribune World Stock Index of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Table with 3 columns: Asia/Pacific, Europe, and N. America. Each column contains a line graph and a table of stock values and percentage changes.

Table titled 'Industrial Sectors' with columns for Sector, P/E, P/B, % change, and % change. Rows include Energy, Utilities, Finance, Services, Capital Goods, Raw Materials, Consumer Goods, and Miscellaneous.

ECONOMIC SCENE

Deficit Spending May Get A Good Name Once Again

By Louis Uchitelle. NEW YORK — Slowly, with many misgivings, federal spending on public works is gaining a new respectability among economists, Wall Street traders and some corporate executives as a last-resort formula for generating jobs and ending the country's economic stagnation. In their view, other prescriptions have failed, and with unemployment remaining at 7.5 percent or more, they are concerned that the recovery may not take place without special help from the government.

Loss Warning Slams Ford Stock

DEARBORN, Michigan — Ford Motor Co. stock tumbled nearly 8 percent on Friday after the company said losses could extend into the fourth quarter. The news, which also depressed shares of General Motors Corp. and Chrysler Corp., indicated that Ford's losses in Europe and weakness in the U.S. auto market were worse than analysts had been expecting.

Honda Fix: Wrench in Free-Trade Gears

By Keith Bradsher. NEW YORK — In a factory here covering the area of 19 football fields, Honda is making engines with American and Japanese parts that will be used in Civic sedans assembled in Canada. Question: what nationality is the engine, and ultimately, the car?



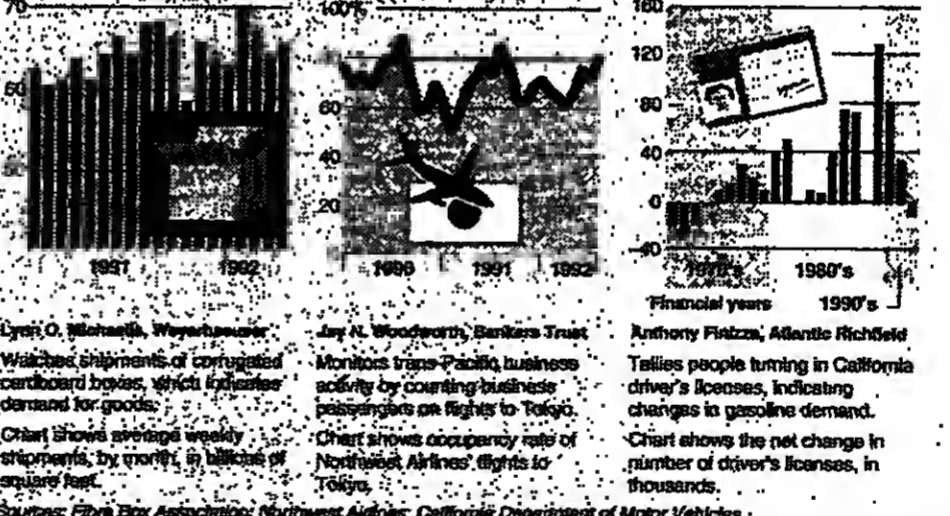
American Drops Bid to Simplify U.S. Airfares

HOOT SPRINGS, Virginia — American Airlines said Friday it was abandoning its simplified four-tier fare structure, a move that could portend higher fares for business travelers and a resumption of the industry's costly fare wars.

Gauging the Economy Through Cardboard Boxes

By Robert D. Hershey Jr. NEW YORK — It was October 1987 and a tense wait loomed to see whether the crash in the stock market would touch off a recession. But James Amadio, chief economist for First National Bank of Chicago, was quickly reassured.

Three Economists' Offbeat Indicators



Pirelli Tire Hits Stock With New Share Issue

AMSTERDAM — Shares in Pirelli Tire Holding NV, the Dutch tire unit of Italy's Pirelli SpA, lost nearly half their value on Friday after the company shocked analysts and investors with plans for a deeply discounted rights issue to raise 465 million guilders (\$282 million).

CURRENCY & INTEREST RATES table. Includes sections for Gross Rates, Eurocurrency Deposits, Key Money Rates, and Forward Rates.

Table with columns for Country, Currency, and Interest Rate. Includes data for various countries and their respective currencies.

Fed's Lindsey Sees Sluggish Growth For Rest of 1992. RICHMOND, Virginia — The Federal Reserve System expects the U.S. economy to muddle along at a 1.5 percent rate of growth for the rest of this year, although even that sluggish rate is not guaranteed.

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MARKET DIARY

Dow Hits 1992 Low As Fed Holds Steady

NEW YORK — U.S. stocks plunged Friday, with the Dow Jones industrial average hitting its lowest closing level of the year, as concerns grew that the Federal Reserve Board would not lower interest rates further before the presidential election. The downturn was hastened by Ford Motor Co.'s report that it expected to post a loss for the third quarter and perhaps the fourth. The Dow dropped 39.45 points, to 3,136.58, its lowest close of 1992. Declining issues on the New York Stock Exchange outnumbered advances by a 12-to-5 ratio as volume fell to 171.5 million shares from 204 million Thursday. "It appears the Fed isn't going to cut interest rates," said Richard Meyer, head of institutional trading at Ladenburg, Thalmann & Co. "Bonds fell on the speculation and stocks followed."

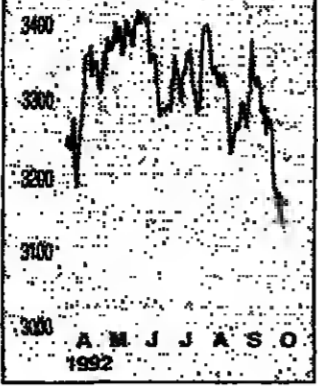
View on Rates Lends New Support to Dollar

NEW YORK — A growing sense that interest rate trends have turned favorable for the dollar helped support the U.S. currency on Friday, although it closed below its highs. The dollar was at 1.4880 Deutsche marks at the close, up from 1.4825 DM on Thursday, and at 121.85 yen, up from 121.60. Trading was choppy because of low volume ahead of the three-day weekend in the United States and reports that a U.S. citizen was being held by Iraq. The dollar popped up to 1.4910 DM on reports that U.S. citizens were seized at the Iraq-Kuwait border. The White House later said Iraq had taken one American into custody and the United States was working for the person's release. The dollar declined as dealers squared positions before the long weekend, then spurred back up to the day's high of 1.4932 DM in the afternoon before fading again in late trading. Most U.S. banks will be closed Monday for Columbus Day. Fading hopes that the Federal Reserve will ease interest rates and stock prices but provided some support for the dollar, dealers said. Many analysts believe it unlikely the Fed will cut rates before the Nov. 3 U.S. presidential election. Meanwhile, the Bundesbank confirmed via its latest money market operations that it is targeting call money rates at 8.9 percent, 60 basis points lower than the 9.5 percent Lombard rate. "Sentiment is really changing toward the mark, and although the Lombard rate remains unchanged, the Bundesbank has clearly eased money market rates," said Henry Wilkes, foreign exchange manager at Bank Julius Baer in London. "We still think there's an outside chance the Fed could ease before the election as there's a poor set of economic figures due next week which are likely to show sluggish activity and low inflation," said Brian Hilliard, economist at Société Générale Strauss Turinville. The dollar rose to 1.3160 Swiss francs from 1.3139, and to 5.0460 French francs from 5.0340. It eased against the pound, which closed at \$1.6920, up from \$1.6840. (Reuters, Bloomberg)

World Stock Markets

Table of World Stock Markets with columns for Market, Close, Prev., and Change. Includes sections for Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Singapore, Stockholm, Toronto, Zurich, and various regional indices.

The Dow



NYSE Most Actives

Table listing the most active stocks on the NYSE, including Ford, IBM, and other major companies with their respective volume and price changes.

AMEX Most Actives

Table listing the most active stocks on the AMEX, including various technology and financial stocks.

NYSE Diary

Table showing NYSE trading statistics such as volume, value, and number of issues.

Amex Diary

Table showing AMEX trading statistics.

NASDAQ Diary

Table showing NASDAQ trading statistics.

Dow Jones Averages

Table showing the Dow Jones Industrial Average and other major indices with their daily and weekly changes.

Standard & Poor's Indexes

Table showing Standard & Poor's 500 Index and other sector-specific indices.

NYSE Indexes

Table showing NYSE sector indices such as Industrials, Finance, and Utilities.

NASDAQ Indexes

Table showing NASDAQ sector indices.

AMEX Stock Index

Table showing the AMEX stock index.

Dow Jones Bond Averages

Table showing Dow Jones bond averages for various maturities.

Market Sales

Table showing market sales for various sectors and indices.

N.Y.S.E. Odd-Lot Trading

Table showing odd-lot trading statistics for the NYSE.

S&P 100 Index Options

Table showing S&P 100 index options prices and movements.

EUROPEAN FUTURES

Table showing European futures prices for various commodities.

Food

Table showing food futures prices.

Metals

Table showing metal futures prices.

Industrials

Table showing industrial futures prices.

To Our Readers

London International Financial Futures Exchange prices were not available Friday due to problems at the source. We regret the inconvenience.

For investment information

read THE MONEY REPORT every Saturday in the IHT

U.S. FUTURES

Table showing U.S. futures prices for various commodities.

Grains

Table showing grain futures prices.

Metals

Table showing metal futures prices.

Livestock

Table showing livestock futures prices.

Food

Table showing food futures prices.

Stock Indexes

Table showing stock index futures prices.

Commodity Indexes

Table showing commodity index futures prices.

Market Guide

Table providing a market guide for various futures contracts.

U.S. / AT THE CLOSE

Gloomy Forecasts for U.S. Growth

WASHINGTON (Combined Dispatches) — Many of the top U.S. economic forecasters are scaling back already weak projections for economic growth next year, said a survey for release Saturday. The consensus forecast of 52 economists, surveyed by the newsletter Blue Chip Economic Indicators, is for the U.S. economy to grow just 2.7 percent in 1993. The forecast has fallen by 0.1 percentage point since last month's survey, when it called for 3.1 percent growth. Robert J. Eggert, the editor of Sedona, Arizona, newsletter, said that the economists had lowered their forecasts in October. Nine raised their estimates while 17 were unchanged. Meanwhile, the government reported that after-tax profits at target retailers rose 0.5 cent per dollar of sales in the second quarter from the previous quarter. (AP, Bloomberg)

Alcoa's Earnings Drop 18 Percent

PITTSBURGH (Bloomberg) — Aluminum Co. of America, the world's largest aluminum producer, said Friday that low prices pushed third-quarter earnings down 18 percent, slightly below estimates. Alcoa posted net income of \$62.1 million, or 72 cents a share, down from \$75.9 million, or 88 cents, a year earlier. Analysts expected earnings of 75 cents or 76 cents a share, according to recent surveys. But Joseph Palmer of Smith Barney Harris Upham said it was likely that Alcoa had outperformed competitors such as Alcan Aluminum Ltd. and Amal Inc., which are expected to report quarterly losses.

Northwest Now Can Fly Over Russia

WASHINGTON (Combined Dispatches) — Northwest Airlines Inc. said Friday it had been granted permission to fly over Russian airspace after three years of negotiations with the U.S. and Russian governments. A new Detroit-to-Tokyo service, Siberia II, will be inaugurated on Monday, with the flight over Russia to take 12 1/2 hours, one hour less than before, Northwest said. Two new trans-Pacific routes over Russia will lead to savings of \$70 million a year in fuel and operating costs, the airline said. Northwest will pay an undisclosed sum to Russia for overflying rights, and is seeking permission for four more routes. (AP, AFP)

Carter Hawley Chairman to Retire

LOS ANGELES (Bloomberg) — Philip Hawley said Friday he planned to retire as chairman and chief executive officer of Carter Hawley Hale Stores Inc. one day after the department store chain emerged from bankruptcy protection. Mr. Hawley, 67, said he would not oversee Carter Hawley's day-to-day operations after Jan. 31. However, he will retain a seat on the board and serve on the search committee for his successor.

Judge Lets AMD-Intel Verdict Stand

SAN JOSE, California (Bloomberg) — A federal judge on Friday rejected a motion by Advanced Micro Devices Inc. to reverse a June 1991 verdict that it cannot use Intel Corp. software in one of its coprocessors, or support chips. But Judge William Ingram, of U.S. District Court for the Northern District of California, did not broaden the case to include other Intel microcode, or software, that AMD uses in its latest revenue-generating chips. AMD said the ruling strengthened its plans for a timely launch of a microprocessor to rival Intel's i486 chip. AMD shares closed down 1/2 to 1 1/8 on the New York Stock Exchange.

For the Record

Digital Equipment Corp. named William D. Strecker, 48, a longtime Digital executive, as vice president of engineering, to oversee a retooling of the computer company's engineering division. Abbott Laboratories said it hoped to sell American Biologicals Inc. the rights to an experimental drug that may prevent transmission of the AIDS virus from pregnant women to their unborn children. (UP)

PIRELLI: Issue Undercuts Stock

(Continued from first finance page) employment in the past two years in an effort to stem its losses. Deteriorating financial results and heated competition in the depressed tire market spurred Pirelli in its unsuccessful attempt to seek a merger with Continental AG of Germany in 1990 and 1991. The company will seek formal approval for the rights issue at an extraordinary shareholders' meeting on Dec. 1. Pirelli Tire posted a loss of 76.5 million guilders in the first half of 1992 and has said it expected further losses for the rest of the year. The company has been reducing debt with the cash raised.

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C Hardens line Before Trade Talks With U.S.

BRUSSELS — After raising hopes for a breakthrough in world trade talks, the European Commission reversed Friday to tough rhetoric ahead of vital weekend negotiations with senior U.S. officials. The EC farm commissioner, Ray C. Schreyer, took a firm stance on agricultural issues still outstanding, raised the specter of trade wars with the United States and criticized President George Bush for trying to block progress. He was joined in his harsh comments by Agriculture Minister Jean-Pierre Solon of France, who tried to persuade the EC Commission not to yield anything to the U.S. administration this weekend. Mr. Solon said he gave the Commission a message from Prime Minister Pierre Berégovoy "affirming that the French government would firmly oppose, with all the means at its disposal, the conclusion of accords contrary to the interests of our agricultural sector."

The United States has maintained that far-reaching cuts in EC farm subsidies were an essential condition for success. In a speech to the U.S. Chamber of Commerce in Dublin, Mr. MacSharry warned that the Community would retaliate "in kind" if the United States fulfilled its threat of punitive duties on EC goods over subsidies aid. Friday's comments were in sharp contrast with earlier EC remarks, which indicated that the Community was willing to go far in give-and-take talks in a final effort to solve the negotiations. The Uruguay Round of the General Agreement on Tariffs and Trade, now in its seventh year, has been blocked since December 1990 by a dispute between Brussels and Washington over how far and how fast to slash farm subsidies. Apart from farming, the negotiators will discuss market access and the services industry, where problems also remain. At stake is a potential boost to world trade estimated at nearly \$200 billion a year and a potential escape from economic recession.

On Sunday in Brussels, EC Trade Commissioner Frans Andriessen will meet with the U.S. trade representative, Carla A. Hills. (AP, Reuters)

Hachette Shares Plunge 14%

PARIS — Hachette SA shares plunged 14 percent on Friday as the rhetoric that followed massive buying of the stock this week heated up. An executive of France's top advertising group, Havas SA, denounced Hachette's statement that Havas was the buyer of the stock. "I thought it was insulting the way the finger was pointed at us," said Jacques Espinasse, Havas's chief financial officer. "There are rules in the market."

He reiterated that Havas was not interested in buying Hachette shares. But a Hachette spokesman, Thierry Funck-Brentano, shot back, saying that the sell-off "had a distinctive signature." He said Hachette had not changed its "strong conviction one bit that Havas was involved."

Hachette shares plunged 22.7 francs (\$4.55) to finish at 136, with 173,500 shares trading hands. That level is still more than 15 percent above Monday's closing price of 118 francs. On Tuesday, the stock jumped to 140 francs on volume of 89,500 shares, or about 10 times the normal turnover. Volume on Thursday was 625,600. Shares of Havas also suffered Friday, dropping to 369.2 francs, after 378 on Thursday when the company reported net profit of 438 million francs in the first half, down from 655 million francs. Havas said Friday that it expected its 1992 net profit figure to be close to last year's 1.08 billion francs, down from the forecast of 1.2 billion francs it made in June.

Meanwhile, the French stock market regulator, known as the COB, opened an investigation Friday into this week's volatile trading in Hachette shares. The COB also said it was looking into financial information published by Ciments Français SA after that company's stock plunged over revelations of hidden off-balance-sheet dealings.

Meanwhile, the merchant bank Paribas said it planned to take legal action against Pierre Couso, the former chairman of Ciments Français who resigned this week. Paribas owned Ciments Français until April and retains a large minority stake. Analysis said a company might be trying to acquire Hachette before a planned merger with Matra SA, the defense electronics group. The only merit to that merger, they said, would be the way Hachette's debt of 11.5 billion francs would be offset by Matra's cash balance of 4.5 billion francs. A fund manager at Banque Nationale de Paris with an investment in Hachette said the publishing group needed new leadership that could alleviate the debt load and keep it clear of a merger with a defense company.

"What's striking is the aggressive way the shares were bought," the manager said. "Clearly that's a signal someone wants to make a play on the firm."

Analysts warned that a deal would have to be struck between the unknown buyer and Hachette, since 69 percent of its voting rights are controlled by the businessman Jean-Luc Lagardère through the holding company Marlis SA. (Bloomberg, Reuters, AFP)

U.K. Inflation Figures Dim Hopes of Rate Cut

LONDON — Higher-than-expected inflation figures released Friday appeared to reduce the chances for a quick cut in British interest rates, economists said, although the rate was within the government's new target range.

September's year-to-year inflation figure was unchanged from August at 3.6 percent, compared with expectations for a drop to 3.5 percent. The underlying rate, which excludes mortgage interest payments, fell to 4.0 percent from 4.2 percent in August, as expected.

Phillip Tyson, an economist at UBS Phillips & Drew, said the figures "rule out a cut in base rates in the immediate future."

He said Norman Lamont, chancellor of the Exchequer, cannot be seen to cut rates when inflation, the key element of the economic strategy he outlined at the Conservative Party conference on Thursday, has failed to come down. But some analysts disagreed. "These figures underline the fact that Britain is at its heart an inflationary country and will remain so," said Ruth Lea, chief economist

at Mitsubishi Bank. "The government is on trial to see whether it can control inflation, but in the end they will choose to accelerate growth. Inflation numbers like these won't keep them from cutting rates."

Mr. Lamont reiterated his determination to reduce inflation and welcomed Friday's figures, noting that the underlying rate dropped to its lowest level since March 1988. The underlying rate now is also within the government's 1 percent to 4 percent target range for the next few years, it remains well above Mr. Lamont's stated long-term target of less than 2 percent.

"These figures show the government still has a long way to go to achieve the chancellor's 2 percent target and very little prospect of doing so now that we are out of the exchange-rate mechanism," said Alan Beith, economic spokesman for the Liberal Democrat Party.

Meanwhile, Britain's largest mortgage lender, the Halifax building society, said the average price of new houses and apartments fell 3.1 percent in September from August, the biggest monthly fall on record. (AFP, Reuters, Bloomberg)

Investor's Europe

Exchange	Index	Friday Close	Prev. Close	Change
Amsterdam	CBS Trend	107.93	108.50	-0.53
Brussels	Stock Index	5,369.19	5,358.41	+0.20
Frankfurt	DAX	1,439.66	1,451.12	-0.79
Frankfurt	FAZ	573.47	576.42	-0.51
Helsinki	HEX	607.92	613.66	-0.94
London	Financial Times 30	1,885.20	1,870.40	-0.28
London	FTSE 100	2,541.20	2,538.80	+0.09
Madrid	General Index	199.91	192.71	+0.62
Milan	MIIB	788.00	763.00	+3.28
Paris	CAC 40	1,657.34	1,673.86	-0.99
Stockholm	Affaersvaerden	753.55	N.A.	-
Vienna	Stock Index	358.85	358.69	+0.04
Zurich	SBS	635.00	633.00	+0.32

Sources: Reuters, AFP

At Standard Chartered, a Glimmer

LONDON — Shares of Standard Chartered PLC, which have outperformed the major British stock index by 8 percent this week, could climb more on takeover speculation and a spate of "buy" ratings from securities analysts, brokers said Friday.

On the London stock exchange, the bank's shares rose 12 pence Friday, to 493 pence. The gains mark a welcome reversal for Standard Chartered investors, whose shares weakened between mid-May and mid-August on concerns about the Bombay stock scandal as India seized assets of stockbrokers and others suspected of diverting assets from the banking system.

Standard Chartered said Friday that it had started legal proceedings against Citibank for \$41 million. The claim relates to securities transactions between Standard Chartered and Citibank in Bombay between September 1991 and March 1992, said Will Manser, a spokesman for Standard Chartered. Both banks are under investigation in the scandal. The Bombay scandal has been a blow to Standard Chartered, which opened its first offices in Bombay and Calcutta in 1858 and has made

much of its profits there. On Aug. 5, the bank set aside £100 million (\$173 million) of provisions for the scandal. No criminal proceedings were brought against Standard Chartered, but Indian police arrested several employees.

"The Bombay problems really do look very much like they're in the past," said Hugh Pyle, banking analyst at Robert Fleming & Co. "My guess is a third of the provision might be recovered" back into earnings.

Mr. Pyle, who put a "buy" rating on Standard Chartered shares Monday, was joined by colleagues at Barclays de Zoete Wedd, Goldman Sachs and S.G. Warburg, brokers said.

Some brokers turned bullish on the bank after Standard Chartered officials took analysts and investors on a weeklong visit to Hong Kong, Singapore and China that ended Saturday.

They did so partly because sterling's decline against the dollar, to which many Asian currencies are pegged, is benefiting Standard Chartered's Far East earnings. The bank's shares, frequently

Slump Lifts German Surplus

BONN — Germany's trade surplus jumped in August but economists warned against reading too much into the data, saying the recent surge in the market would hit exports and slow West German growth next year.

The Federal Statistics Office said Friday the surplus rose to 5.7 billion Deutsche marks (\$3.9 billion) in August from 1.3 billion DM in July. Exports fell 19 percent, to 48.74 billion DM, but this was more than offset by a 27 percent decline in imports, to 43.02 billion DM.

Economists said the higher surplus had been expected and partly reflected lower industrial production during the summer. They attributed the decline in imports to the weak economy.

"The data largely met our expectations and reflect the economic slump and the fact that East Germans are no longer buying in West Germany as they had before," said Werner Verboeket, economist at Commerzbank. The deficit in Germany's current account, which includes services such as shipping, insurance and tourism, fell to 2 billion DM from 7.8 billion.

at Mitsubishi Bank. "The government is on trial to see whether it can control inflation, but in the end they will choose to accelerate growth. Inflation numbers like these won't keep them from cutting rates."

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Meanwhile, Britain's largest mortgage lender, the Halifax building society, said the average price of new houses and apartments fell 3.1 percent in September from August, the biggest monthly fall on record. (AFP, Reuters, Bloomberg)

Very briefly:

- GPA Group PLC, the Irish aircraft leasing company, said it had leased a record 40 planes in September for \$850 million.
- Britain's Home Office minister, Peter Lloyd, said legislation would be drafted to allow Sunday retailing in England and Wales.
- Spanish steelworkers struck Empresa Nacional Siderurgica and Altos Hornos de Vizcaya plants in the Asturias region and Bilbao for 24 hours over government plans for job cuts, idling the plants, union officials said.
- Cap Gemini Sofget SA said its British unit Cap Gemini Hoskyns had won software-management contracts worth a total of 500 million French francs (\$99.2 million) from Granda PLC.
- Switzerland's parliament ratified the treaty removing trade barriers between the European Community and the European Free Trade Association and amended 50 laws to bring them into line with Continental legislation.
- National Westminster Bank PLC said its U.S. unit Natwest Bancorp had net income of \$39.4 million in the third quarter, compared with a loss of \$65.7 million a year earlier. (Bloomberg, Reuters, AP, Reuters)

U.S. / AT THE
Forecasts for U.S. Gov.
Savings Drop 18p
Now Can Fly Over
AMD-Intel Verdict
Record

SPEND: Defy the Deficit?

(Continued from first finance page) policymaker, I would definitely have short-term fiscal stimulus, but I would couple this with a program that assured that the deficit expansion would be reversed later on when the economy was stronger. Some economists continue to believe that even a temporary spending increase is harmful, among them Alan Greenspan, chairman of the Federal Reserve, and Charles L. Schultz, a senior fellow at the Brookings Institution and a top economist in the Carter administration. But the unmistakable trend is toward greater tolerance. Henry Kaufman, an economist and Wall Street money manager, said he believed the economy was so weak that even bond-market traders, who are hurt by inflation, were finally willing to tolerate some deficit spending. Others, like Lawrence A. Kudlow, chief economist at Bear Stearns, said they were adjusting to the possibility that Mr. Clinton might be elected president and will be under pressure to engage in public-works spending. Mr. Kudlow, a conservative Republican and Reagan administration official, had made television appearances as recently as the Republican convention in which he called for rapid deficit reduction as a cure for the economy. Now he said that while he would still prefer to stimulate the economy through such tax incentives as an investment tax credit or a lower capital gains tax, he was bowing to circumstances and supports deficit public spending as an acceptable policy for the moment. "The public pressure for economic growth will lead Clinton to activist risk-taking," Mr. Kudlow said. "I don't think the government money is going to be well spent. I would prefer targeted tax credits. But I am a realist and I see that Clinton will be elected, and I am coming to grips with it." The Clinton camp, however, generally avoids the subject of deficit spending as an economic pump-priming device, fearful of the Republican charge that Democrats are chronic spenders. Mr. Bush has been campaigning for deficit reduction through tax and spending cuts. Virtually all economists, whether they favor or oppose public spending, agree on one point: When such spending or tax cuts fail to drive up the deficit, they are out much of a stimulant for the economy. The problem is that shifting spending from one area to another to avoid deficits generally fails to provide many new jobs. Only through deficit spending — the creation, in effect, of new money — is fresh economic activity created without canceling what already exists, economists say.

NOTICE FOR INTERNATIONAL TENDER
SALE OF THE TOURISTIC
AND HOUSING COMPLEX
"LES JARDINS DE CARTHAGE"
AT GAMMARTH - TUNISIA

La Compagnie Touristique Arabe (CTA) proposes to sell an unfinished housing and tourist complex at Gammarth in the northern suburbs of Tunis consisting mainly of two lots.

First lot
A TOURISTIC UNIT:
• A five star hotel composed of 584 beds with the possible use of a casino.
• An apartment hotel of 136 flats ie 450 beds.
• A leisure center consisting of a swimming pool and various sport and leisure amenities.

This unit has an area of 9.7 hectares (97,000 square meters).

Second lot
A HOUSING UNIT, composed of:
• 29 high standing villas
• 222 flats
• A village centre consisting of commercial outlets, premises for restaurants and cafes as well as 31 flats together with a convention hall and two cinemas
This unit has an area of 11.5 hectares (115,000 square meters).

The parties interested in this tender can get the file at the head office of CTA at 12 Rue de Hollande - 1000 TUNIS, as of October the 1st 1992.

Tenders must be sent in closed envelopes with the following mention "A ne pas ouvrir. Appel d'Offres pour la vente du complexe touristique et immobilier de Gammarth" and should be sent to Monsieur Le Président Directeur Général de la CTA, 12 Rue de Hollande - 1000 TUNIS.

Latest date for receipt of tenders is fixed for January the 16th 1993, postage stamp being franked.

Tender parties can get confirmation of the arrival of their proposals by sending fax through fax n° 342 407.

On November 17th, the IHT will publish an advertising section on

THE LEISURE MARKET

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Among the topics to be covered are:

- Renewed growth in traditional leisure travel.
- Effects of the EC's liberalization package for airlines.
- A record year for French tourism.
- Traveling gear — electronic equipment that accompany travelers.
- The consistent growth of cruises.

This section coincides with the World Travel Mart show in London. For advertising information, please contact Juanita Caspari in Paris at (33-1)46 37 93 76.

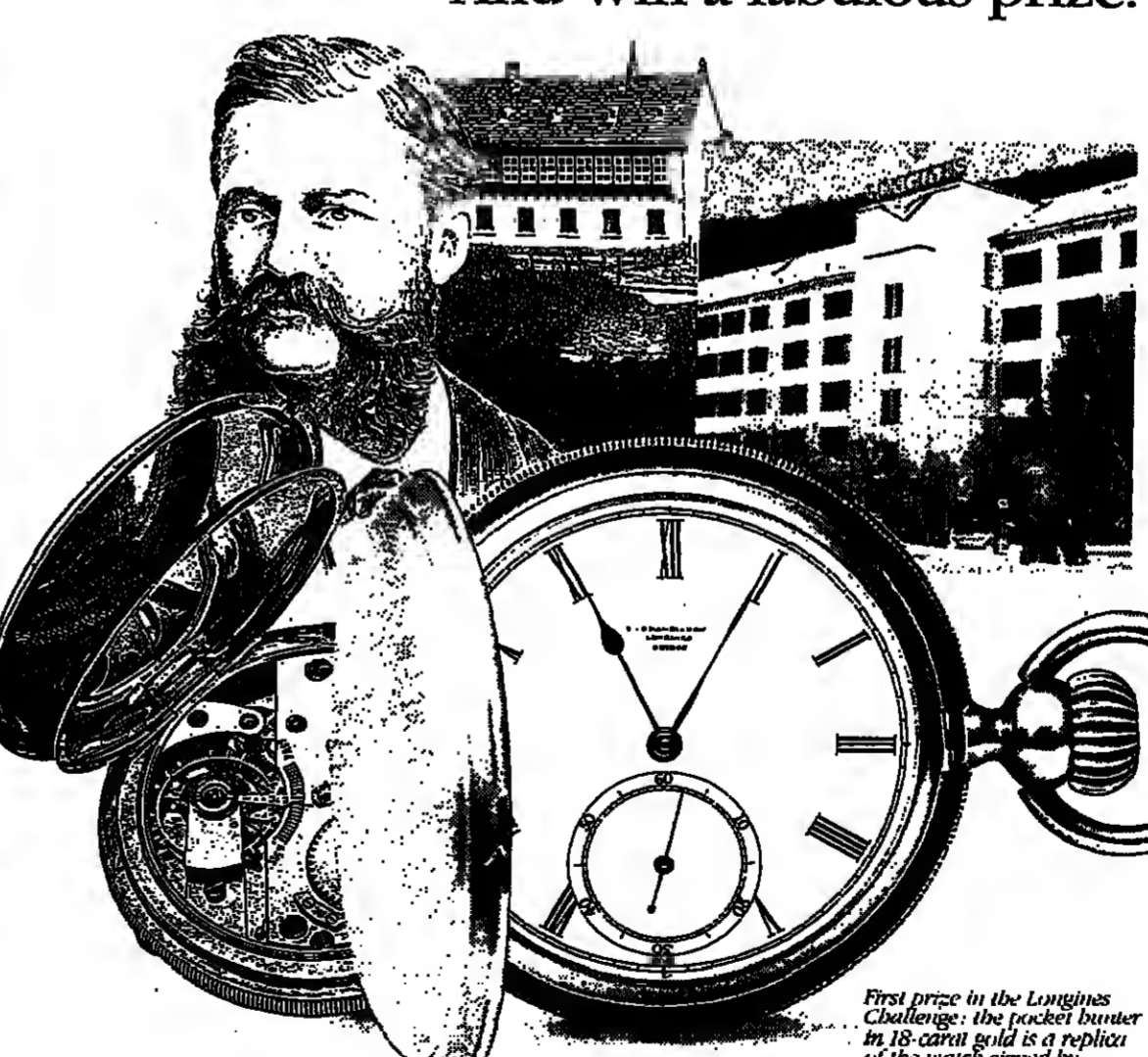
INTERNATIONAL
Herald Tribune

1867. Ernest Francillon creates the Longines watch company

1832. Auguste Agassiz opens a watch business

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1st prize: An 18-carat gold pocket watch.
2nd prize: The silver version of the pocket watch.
The gold watches numbered from 001 to 500, and the silver watches numbered from 001 to 1000.
3rd prize: An 18-carat gold pocket watch from the Ernest Francillon collection.
The first three prize-winners will be invited by Longines to Saint-Imier in Switzerland to receive their watches.
4th to 6th prizes: A wristwatch from the 125th Anniversary collection.
7th to 99th prizes: A 387-page, fully illustrated book on Longines' historical watches.

First prize in the Longines Challenge: the pocket watch in 18-carat gold is a replica of the watch signed by Ernest Francillon in 1867.

A family memento, a collector's timepiece... you might be the owner of an old Longines watch. Take up the Longines challenge. With a gold replica of the oldest watch made by Longines or one of many other prizes in the Longines "Oldest Watch" worldwide challenge.

becomes the pioneer of the Longines watch.

The birth of a trade mark. In 1867, Ernest Francillon designs and builds one of Switzerland's first watch factories in a field called Les Longines — a local name that is to become world famous. Ernest Francillon is soon recognised as a watch-

maker of rare inventive and creative abilities. In the permanent quest for performance, Longines turns to the great explorers to establish the reputation of its watches in extreme conditions. The Longines watch survives real tests at sea, on land and in the air, to form its character in a spirit of adventure and discovery.

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A recent demonstration of Longines' mastery of time: the Conguetti Futuro with a perpetual calendar, programmed until 2100.

In Taiwan, Lee Urges Aide to Stay

TAIPEI — President Lee Teng-hui moved Friday to head off a political storm by asking Finance Minister Wang Chien-shien to stay in his post.

Chinese Stock Comes to U.S. Auto Firm Gets Rousing Welcome on NYSE

NEW YORK — Brilliance China Automotive Holdings Ltd. has become the first state-owned, mainland Chinese company to sell common stock in the United States.

Shenyang Passenger Vehicle Manufacturing Co. which is better known as Shenyang Automotive. Prior to the offering, Brilliance China was 78.4 percent-owned by the educational development arm of the People's Bank of China.

Beijing and Taipei Team on Bond

MANILA — A Chinese bank and two Taiwan banks will help underwrite a \$300 million bond for the Asian Development Bank, marking the first time Chinese and Taiwan institutions have been underwriters on the same issue, the ADB said Friday.

In the past, the Taiwan government has barred its financial institutions from working with their Chinese counterparts. Taipei reportedly lifted the ban in an attempt to promote the expansion of Taiwan financial institutions abroad.

China Airline Drops Deal With U.S. Firm

BEIJING — Succumbing to pressure from Beijing to slow down new business with the U.S. aircraft industry, New China Air, China's all-cargo airline, has canceled an agreement to lease four Boeing 737s from an American company, airline officials said Friday.

midnight Saturday, and both sides have warned of a trade war if a deal is not reached.

A spokesman for the Chinese airline said that it canceled the contract with BWVY Ltd., a New York-based company, after Chinese government officials warned it was better to do so.

Tension surrounding the talks already has hindered a number of commercial aircraft deals.

Patten Names Members Of His Business Council

By Laurence Zuckerman International Herald Tribune HONG KONG — Governor Chris Patten on Friday named the members of his new business advisory council, including one of the top executives of China's leading investment company.

The United States, in an effort to force China to open its domestic markets to U.S. goods, has threatened to impose tariffs on Chinese exports if liberalization measures are not taken. The deadline for an accord in talks on the issue falls at

Investor's Asia table with columns for Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225, and various regional indices with their respective values and changes.

Very briefly: Pohang Iron & Steel Co. of South Korea has appointed its vice chairman, Hwang Kyung Ro, as head of the world's third-largest steel company, replacing Park Tae Joon.

U.S. Mission Upbeat on Philippines

MANILA — The leader of a group of senior U.S. executives expressed optimism on Friday over President Fidel V. Ramos's economic reforms, but added that Manila needed to do more to lure foreign capital.

COMPANY RESULTS

Table of company results for various regions including Italy, Britain, France, and the United States, listing companies like Ferruzzi Finanziaria, Guinness, BNP, and others with their financial metrics.

NYSE Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

NYSE High-Lows table listing various stocks and their price ranges for the day.

Main NYSE table listing individual stock prices, including columns for stock names, prices, and changes.

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Mr. Patten announced the creation of the 21-member council, which also includes three government officials, during his policy address on Wednesday. He said it would broaden the range of advice he receives on business and how best to sustain the territory's economic growth into the next century.

Thai Group Plans China Car Venture

BANGKOK — The Charoen Pokphand Group, a Thailand-based conglomerate, will invest up to \$350 million in a passenger car assembly project in China, a company official said Friday.

Mr. Patten said the group would meet bimonthly, beginning in late October or early November.

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Large advertisement for Privatization Greek Exports S.A. detailing the liquidation process and listing 11 companies for sale, including PIRAIKI PATRAIKI SYROS SPINNING MILLS S.A., PIRAIKI PATRAIKI NEA PERAMOS SPINNING MILLS S.A., and others.

THE REPORT

FIRST COLUMN

Fearing An October Surprise

THE fifth anniversary of the crash of October 1987 is approaching. It is one which few of the world's markets will celebrate with much — or indeed any — enthusiasm.

The parallels between now and then are striking, but the differences are more important. The broad similarities are that, first, almost every market in stocks, currencies and bonds appears to be in a state of extreme nervousness.

The key differences are that, first, for all the tremors felt by the equity markets this week, unless you were unlucky enough to hold assets denominated in the British pound or the Italian lira, not much damage has been done.

Less hysterical observers of the situation might think they begin to discern an opportunity emerging from the continued financial furor.

The Long Slump in Diamonds: Is the Bottom in Sight?

By Katherine Burton

THE seemingly endless economic troubles in the United States and Japan, coupled with a diamond rush in Angola, are causing some investors to wonder whether the two-year-old funk in the diamond market might end up being almost as enduring as the stone itself.

The most recent troubles have sparked concern over whether the Central Selling Organization — the De Beers Centenary AG-run cartel that sells 80 percent of the world's uncut diamonds — will be able to maintain its hold over the market.

Certainly the company has begun to show signs of strain. De Beers recently announced that it would slash its dividend for this year, something it has done only once before in its post-war history.

De Beers has always prided itself on never dropping the price of raw, or uncut, diamonds. It keeps the market stable by buying up stones when demand is weak and selling its stockpiles once the market picks up.

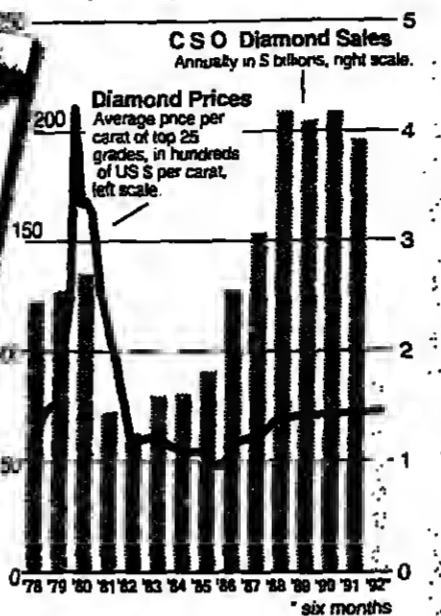
In addition, the company's long-term strategy is to increase diamond prices slightly ahead of the U.S. inflation rate, thus ensuring that the gems retain their value.

Despite the cash hemorrhage, most analysts believe that De Beers will avoid dropping prices at all costs. The argument runs that the problem is centered not on the short-term prospect for prices, but on the long term.

He said discounting diamonds also would destroy consumers' image of the precious stone.



Sparking Volume, Dull Prices



Sources: De Beers; The Fitzpatrick Diamond Report (sales data); International Herald Tribune

"Besides being a girl's best friend, diamonds are also an investment. De Beers has gone to great lengths to market them as a very special product that does not lose its value," he said.

The main cause of De Beers' current woes has been an influx of illicit stones from Angola into the world market, with some 50,000 Angolan prospectors now mining the banks of the Cuango and other rivers.

Although Angola's state-owned diamond company, Endiama, has a contract with the CSO, the end of the civil war there has left much of the country unpoliced, making it easier for smugglers to take diamonds out of the country.

This wildcat mining means De Beers must spend between \$300 million and \$600 million this year to buy up the illicit stones, more than double the amount the company pays to purchase the country's official production.

The economic downturn in the United States and Japan, which together account for almost 60 percent of the \$40 billion diamond jewelry

market, has only made the oversupply more acute.

Retail sales of diamonds are down 10 percent in Japan so far this year, and retailers and wholesalers still have huge inventories. As a result, the country's diamond imports have dropped between 17 percent and 18 percent.

Analysts say that for the individual investor, the diamond market is best left untouched for the next few years.

Small investors have generally put money on the diamond market in one of two ways: either by buying cut diamonds — the raw diamond market is not accessible to the small investor — or by purchasing shares directly in De Beers.

Nevertheless, diamonds have been seen as a way of hoarding wealth for centuries. Like gold,

diamonds have been highly valued in most civilizations. Moreover, they are a convenient way of storing or hiding wealth in troubled times: A refugee can run faster with a bag of diamonds than an ingot of gold.

The other main investment concern for individuals is that even when raw diamond prices are on the rise, the price increase does not always translate to higher values in cut diamonds.

A further significant factor is the lack of standardization in diamond investment. Whereas gold has internationally traded units — such as coins like the Kruggerand or the Angel — that individuals can readily buy, there is no standard unit of diamond investment.

As for investing via De Beers shares, the future is uncertain. The company's dollar-denominated shares listed in London, which hit a high of \$35 in November 1991, are now at \$11, and Mr. Chaplin of Credit Lyonnais Laing said they could fall to \$8 or lower.

But as the company recovered from the diamond market crash of the early 1980s, analysts believe it will climb out of this abyss as well.

The Angolan problem, they say, will improve once the rains come and fill the river beds. The

Most analysts believe De Beers will keep its cartel together and prevent a drop in the price of uncut stones, but say private investors should not invest in diamonds for some time.

recent elections in Angola also should help the government to re-establish a hold on the country and clamp down on the free-lance diamond mining.

De Beers' agreement with producers that they hold 25 percent of their production in rough times means that the diamond cartel probably won't go the way of most other commodities cartels.

"The supply is under control, although it is not a very attractive situation," said Mr. Oke of Smith New Court. He said the CSO's stockpile is currently worth \$3.75 billion, up 25 percent from the beginning of the year, while stockpiles at cutting centers have topped \$4 billion.

Mr. Oke still doesn't expect 1993 De Beers earnings to be much better than the \$1.40 a share he has forecast for this year, down from \$2.01 in 1991.

"I don't think they will go bust, but the next two years will be a rough ride," said Mr. Chaplin. "But in the long-term, five or ten years, De Beers will still be here and the CSO will still be a major player in the diamond market."

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Tokyo Rally Lifts Japan Funds in League Table

THE star performer among mutual funds over the month of September was one of the giants of the industry. The Quantum Fund, which invests mainly in equities and futures and is managed by the well-known George Soros, showed growth of almost 25 percent.

However, the short-term performance table is dominated by funds investing in the Japanese market. Six of the top 20 performers invest in

Japanese shares or warrants. The Far East comes a close second. Five funds returned handsome figures from Far Eastern markets, with Thai specialist funds showing especially well.

Over one year the story of Asian dominance continues, although two gold funds appear in the top five. The gains recorded — one fund more than doubled in the year, while the other added more than four-fifths of its original value — illustrate the difference between investing in gold funds and gold itself.

pickers have served their subscribers well. Gold bullion, meanwhile, hardly moved over the same period.

Over the longer term the best performers, come from disparate sectors. The strength of U.S. health-care stocks is reflected by four funds, while the Quantum fund is well-positioned again — a performance many would regard as more meaningful than a short-term surge.

European fund manager North Star has produced a fine set of results, with five of its funds finding a place among the elite.

World Bank Offers Rules on Investment

By Robert C. Stier

THE World Bank last month stepped into the international dispute over how nations should treat foreign investors with a set of guidelines it hopes will become international standards.

But he expressed the hope that the prestige of the World Bank would lead many nations, especially those with restrictive rules for foreign investors, to use the guidelines as a framework for restructuring their regulations, thereby eliminating many of the restrictions.

Addressing a European Institute seminar, Mr. Shibata said the need for worldwide legal standards has increased with the growth of foreign investment and the uncertainty surrounding international law in this field.

That statement appears to augur well for the kind of economic cooperation to promote institutional — and ultimately individual — investment opportunities. However, talks on direct investment taking place as part of the global negotiations under the General Agreement on Tariffs and Trade have been less than encouraging.

Mr. Shibata said the World Bank guidelines address the fears developing nations have about the possibility of foreign investors owning major parts of their economies.

The World Bank's proposals caution against excessive regulation and bureaucracy, and say foreign investment should face as little paperwork and as few obstacles as possible.

Foreign investors should be granted treatment as favorable as that granted to nationals, provided, of course, that investors' interests and rights over their property, including intellectual property, are fully protected, and that the treatment is fair and equitable.

Although host states may appropriate foreign investments, the guidelines say, that this should be done only in accordance with applicable legal procedures, for a public purpose and against payment of "adequate" compensation.

The guidelines recognize that in some cases expropriation can occur because the investor violates the laws of the host country, such as with laws allowing the seizure of property of drug dealers.

However, in cases where a negotiated settlement cannot be reached, the guidelines recommend recourse to arbitration by independent and impartial arbitrators.

Table titled 'Best Performing Mutual Funds' with columns for 'Fund' and 'Performance'. It lists various funds and their performance metrics over different periods (one month, one year, five years).

Vertical sidebar on the right edge of the page containing various market-related text and graphics, including 'The Contrar...', 'Case for Bo...', and 'September Market Sco...'. It appears to be a continuation of another page or a separate column.

Handwritten Arabic text at the bottom center of the page: 'كلنا من الأصل'.

THE MONEY REPORT

For True Contrarians, It's Italian Stocks

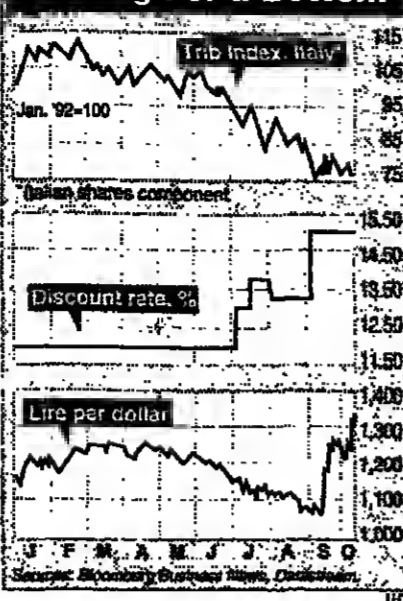
By Aline Sullivan

ESPIE Thursday's sharp recovery of 3.4 percent in a day on the back of the half a percentage point easing of Italian interest rates and pes of tax breaks, the Italian stock market had a miserable time since the lira was split out of the European exchange-rate mechanism. But voracious risk takers claim that there are now bargains to be had.

"Investing in Italy must still be classified as high risk," said Michael Pasetti, an Italian stock market analyst at County NatWest Securities in London. "There are a lot of stocks that have an oversold and are now good value. But investors must question whether it is wise to be in the political and currency risks involved."

The risks are considerable. Italy's government is battling the country's worst economic

Looking For a Bottom



Societa Meridionale Finanziaria, or SME, and Banco Commerciale Italiano.

The government is unlikely to risk criticism by selling shares in these companies cheaply, however, said Paola Bacconello, an analyst at Carnegie International. "It may be that the only way these companies are sold is to other companies or to consortiums who are willing to pay a premium for majority control," he said.

The big risk for all investors is the possible failure of the government's budget. Parliament must vote on the package by the end of the year but analysts said there should be some indication of the outcome by mid-November.

The Milan stock market could crash if the budget fails, said Mr. Cassini of Barings. "The government will collapse if this happens," he said. "Then there will be another election but there won't be a majority winner. There will be a run on the lira and a run on government bonds. The whole country will be in chaos."

Investors anxious to avoid the worst consequences of this scenario should consider buying stocks that are relatively less vulnerable to currency and interest-rate fluctuations, analysts said.

Rinascente, Italy's largest retailer, offers good long-term growth prospects, said County NatWest's Mr. Pasetti. "There is a definite move to consolidation in the Italian retailing industry. Rinascente is really the only vehicle to take advantage of this trend." Shares in Rinascente also may benefit if Fiat decides to sell its controlling stake in the company, he said.

Other defensive stocks include companies like clothing manufacturer Benetton and tire-maker Pirelli, which ring up a large proportion of their sales overseas, analysts said.

Potential investors in the Italian market have another obstacle to confront, regardless of the outcome of the budget vote. The Milan stock exchange authority, Consob, recently introduced legislation to control insider trading and monitor company takeovers, but questionable practices remain rife and the market has been plagued with stock scandals this year.

"The lack of liquidity and transparency is certainly a big problem for many people," said a trader who asked not to be named. "Investors get a lot more out of the Italian stock market if they have good connections and know what is going on."

Making such connections is easier said than done for foreign investors. And so analysts say, that although the upside potential of the Italian stock market may be greater than any other in Europe, investors not among the cognoscenti should risk only what they can afford to lose.

shares will rise more than in the other European markets. But it is very risky.

Insurance companies will be an obvious beneficiary of the budget package, analysts said, because the government's plans to curtail public spending on pensions and health care will spur demand for private substitutes. Kleinwort Benson Securities analyst Fiona Marshall is advising clients to buy shares in Allianz, Generali and RAS.

Other stocks set to climb if the budget is approved include those in highly geared companies like the chemical giant Montedison and the automaker Fiat, said Ms. Marshall. Many analysts believe Italian interest rates are likely to drop after the budget is approved, lessening the debt burden of these companies and increasing consumer demand for their products.

Shares in companies scheduled for privatization also may offer good value to investors, according to Italian market observers. The government expects to raise 7 trillion lire (\$5.3 billion) of its 93 trillion lire budget from the sale of state-owned assets in 1993.

Credito Italiano, Italy's sixth-largest commercial bank, and Nuovo Pignone, a heavy engineering subsidiary of the state-owned energy group Ente Nazionale Idrocarburi, have already been selected for privatization. Further potential candidates include state food group

Now may be a good time to invest in Italian equities because there is a good chance shares will rise more than in the other European markets. But it is very risky.

Ax Cassini of Barings Securities.

The Case for Bonds in Most Any Climate

By Martin Baker

THE vogue among investment analysts for some time has been to develop "Bush" and "Clinton" portfolios. At their crux is the investment thesis: "A Bush presidency? Buy defense stocks. A Clinton White House? Invest in health care." Now Thomas Gallagher, Shearson Lehman's New York-based chief political analyst, has added his voice to the chorus of election investment calls with a bond play.

Mr. Gallagher is advising investors to prepare for a possible Democratic victory by increasing holdings of tax-exempt municipal bonds.

"One aspect of Mr. Clinton's 'Putting People First' economic program is virtually guaranteed: For high-income individuals, marginal tax rates are going to rise," Mr. Gallagher said. "That makes it

more important than ever for investors to take full advantage of municipal bonds—one of the last tax-free investments available."

Mr. Gallagher offers examples of the attractions of the municipal bond if Mr. Clinton's proposals to increase the top marginal rate of tax to 36 percent from 31 percent become law. A New York State resident who purchased a 6 percent in-state municipal bond (therefore free from federal, state and local taxes) would have to buy a bond yielding 9.44 percent to receive the same income if tax was payable. If federal income tax rates rose to 36 percent, the investor would have to find an instrument paying 10.17 percent. And if the possible surtax on millionaires of 10 percent becomes law, the top federal rate would be 39.6 percent, and the investor would have to find a bond paying 10.77 percent to achieve an equivalent yield, according to Mr. Gallagher's calculations.

Although it is possible to find

such bonds, investors would inevitably be sacrificing security for the kind of high return normally associated with inherently risky vehicles such as junk bonds.

International investors who do not have the Internal Revenue Service to worry about will also find that investment houses are taking up bonds. David Felder, London-based director of Kleinwort Benson Investment Management, believes the climate is right for investors to consider bonds, irrespective of their fiscal attractions.

Mr. Felder cites the disinflationary environment in major economies, which has resulted in low inflation but disappointing economic growth. Although he saw monetary policy as having already eased substantially in the United States, Canada, Japan and Australia, he argues that bonds continue to offer high real yields.

But bond markets offer risk as well as return, as the results of an international bond survey by

Kemper Investment Management Co. reveal. There was a difference of 8.8 percentage points in local currency terms between the best and worst performing bond markets in the quarter to the end of September, the firm reports. The Canadian market fared worst, losing 2.59 percent in local terms.

The importance of currency factors was illustrated by the fact that, when converted into British pounds, all bond markets have produced a positive return since the beginning of the year. The best for sterling investors is the Netherlands, which has added 22.1 percent since January.

Getting Japan's Stocks and Yen in Sync

Selected experts in economics and investment give their opinions, month by month, of the outlook for the world's major economies, currencies and financial markets.

Outlook

A glance at a Tokyo's financial markets shows stock prices grudgingly marking time at a relatively low level while the yen soars to new heights against the dollar almost daily. Current stock prices are, of course, a clear reflection of Japan's poor corporate performance at the microeconomic level. The foreign exchange market, on the other hand, is expressing interest in Japan's relatively



Hirohiko Okumura, chief economist, Nomura Research Institute, Tokyo

strong performance versus the rest of the world's major economies at the macroeconomic level. This duality of microeconomic weakness and macroeconomic strength sums up the state of the Japanese economy.

Japanese companies are seeing their earnings deteriorate as economic growth slows down. At the same time, they are generally reluctant to resort to layoffs, and they are helping to maintain faster growth in wages than in prices. Business is once again demonstrating a preference for sacrificing corporate profits rather than shifting the burden of the downturn onto their employees. Business also went on massive capital investment between 1986 and 1991, and the burden of depreciating this expenditure is currently weighing on corporate profits.

This sort of individual company strategy is, however, making a significant contribution to Japan's relatively strong overall economic performance. In addition to presiding over inflation of just 2 percent, the government retains a high measure of control over its financial destiny, as demonstrated by its accumulation of a surplus of 47 trillion yen (\$390 billion) between 1986 and 1991.

It is precisely this disparity between Japan's poor performance at the company, or microeconomic, level and its positive performance at the macroeconomic level that has resulted in the simultaneously weak share prices and a strong yen. This disparity is not destined to last, however. If the government makes appropriate use of Japan's strong macroeconomic performance by implementing a variety of measures to stimulate the economy, Japan's business performance also will begin to recover at the company level, and share prices will begin to trend upward again. For the time being, market attention will focus almost exclusively on whether or not the Bank of Japan is ready to make another half-point cut in short-term interest rates.

We remain of the view that the dollar is cheap, although uncertainties ahead of the U.S. presidential election may provide a marginally better buying opportunity than current levels.

The European markets remain confused in the wake of the recent debacle with the exchange-rate mechanism, but growing evidence of a weakening German economy should prompt the Bundesbank to cut rates, much to the relief of the French, who should survive devaluation fears.

The recent setback in the pound means that from several economic yardsticks the currency is very cheap, but given the tenden-



Nigel Cumming, senior investment manager, ANZ Grindlays Bank (Jersey)

cy of the foreign exchange market to overdo movements, some further weakness cannot be ruled out.

Elsewhere the Australian and Canadian dollars offer good value.

Some satisfaction may be taken from the growing feeling that low inflation is not a guarantee of strong markets, and that the authorities in most countries may have to embark on more growth-orientated policies. The U.S. stock market after its recent setback offers good value and on any further weakness should be bought aggressively.

Japan having rallied and then given up some of the gain is probably set for a period of consolidation around present levels. The downside is limited by official support activity and the upside by poor earnings and a weak economy.

Europe not surprisingly has been a mess but some buying opportunities will occur in Switzerland on any further weakness. There seems no rush to increase German weighting. In Britain, it is difficult to disagree with what appears to be a consensus view: lower interest rates and a lower currency equals an increased rate of both economic activity and overseas earnings, hence a generally satisfactory market.

Although the U.S. and Japanese markets have come a long way, continued exposure is justified given low yields on cash, even though it is difficult to see further substantial capital appreciation.

In Britain, short-term rates can decline further, which should result in a further steepening of the yield curve.

In Europe excellent value exists in the main markets. France looks attractive.

Currency turmoil has dominated financial markets in recent weeks, and the U.S. presidential election is likely to be a focus in the weeks ahead. Meanwhile, under all the politics, what is happening to world economies?

The news is not good. The U.S. economy looks dead in the water, with even the modest momentum of earlier this year apparently fading out. The debt burden of U.S. households is down a lot now thanks to the fall in mortgage rates, but confidence remains low. In Europe, the German slowdown is upon us, with a shallow recession likely early in 1993. Moreover, many European countries that have been following tight money policies in order to maintain the link to the Deutsche mark are now proposing to cut government spending and tighten fiscal policy too. This was forced on the Italians, but the Germans, French, Dutch and British are all proposing the same thing. That could well mean most of Europe is in recession early next year. In any event, growth will be low and unemployment will rise.

In Japan, of course, the government is doing the opposite, seeking to buffer recession with a big spending boost. Yet the recession



Gerald Holtham, chief international economist, Lehman Brothers, London

isolation has yet to run its course there. A big inventory and business investment correction lies ahead that will offset government spending.

All this means profit prospects remain mediocre at best, but the trend to lower interest rates is still with us. It has the furthest to go in Europe in absolute, though not percentage, terms. During 1993, short-term rates in Germany and other European countries will fall by 2 percentage points, but that's less than a quarter of current rates. To take the same proportion of U.S. rates, the cut needs to be only half a percentage point. So while interest rates will fall more on European bonds, the capital gains will not necessarily be higher than on others. It also means the dollar should go up — it's the absolute interest differential that matters here. The dollar should climb above 1.60 DM in the first half of next year.

Investors following my advice are currently invested in Canadian bonds with a hedge into the Danish krone. The hedge has worked well as the krone has resisted depreciation and paid high interest rates. However, the bonds have given up their gains on anxiety over the constitutional referendum in Canada. It's too late to sell now! I would get my teeth and hold. The time is coming, though, to take the hedge off and hold on to the North American currencies. My rule of thumb is that the Canadian dollar is fairly priced at 1.27 to the U.S. dollar. If the Canadian currency is stronger than that, bold U.S. dollars.

September Market Scoreboard

Table with columns for Best Performers and Worst Performers, listing various stock indices and their percentage changes for September 1992.

BRIEFCASE

Can Fidelity Succeed Selling Itself Short?

Fidelity Investments, the fund giant that has more assets under management than anyone else in the mutual fund industry, is now offering a way to unload some of those assets that is unusual for the industry — selling short.

Just as is done with individual stocks, shares in some Fidelity funds can be borrowed and then sold, in the hope that their value will fall by the time the speculator buys them back and returns them.

The shorting must be done through a margin account at Fidelity's brokerage unit, a company brochure says, and the normal rules for selling short apply: Cash equal to half the value of the borrowed shares must be kept on account, and money must be added any time the equity falls below 30 percent of the borrowed shares' worth.

Shorting can be done only on 10 of the family's "Select" funds, which invest in shares of particular industry sectors. These funds carry 3 percent up-front sales charges, but these are waived in short sales.

Shorting stock is a risky business, because the losses are theoretically limitless. In the case of funds, it might be riskier still, asserts Ken Weber in his Webber's Fund Advisor newsletter.

"In a stock short sale, the investor is wagering that a single stock's fortunes will decline," he writes. "But mutual fund managers seek to jettison the weakest stocks in their portfolios... When you short a fund you are betting not only that a market segment will decline, but also that the fund's portfolio manager cannot act effectively to counteract the downward trend."

Against that, however, is the fact that most funds in most years fail to beat the broad market. That means that all else being equal, selling short a sector fund should work out better than a shorting a stock representative of that sector.

AIDS Bill Mounts On U.S. Insurers

Although the social and emotional costs of the spread of AIDS are incalculable, the hard financial facts make grim reading. U.S. life and health insurers paid out an estimated \$13 billion in 1991 in claims directly related to the AIDS epidemic, according to a survey by the American Council of Life Insurance and the Health Insurance Association of America. That was more than four times the \$292.2 million in estimated AIDS payouts for 1986.

The 1991 survey was produced

A Time for Pruning In U.K. Bank Sector?

A recent survey by financial services research group Datamonitor suggests that the mid-1990s are set to see the toughest competition ever between Britain's retail banks. The firm predicts the number of bank branches in Britain's streets will fall dramatically.

The new emphasis will be on technology, mainly in the form of cash machines, which will displace earlier concepts of servicing customers through many branches.

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SPORTS

Taylor Says He's Had It With Giants

By Mike Freeman
Washington Post Staff Writer

WASHINGTON — Lawrence Taylor says he's going to retire after this season. Quarterback Phil Simms is out. Jeff Hostetler is in. Coach Ray Handley is throwing temper tantrums and hating the media. The tabloids are having a field day. What's going on? It must be New York and it must be the Giants.

Few teams in the National Football League are under the microscope as much as the Giants. That scope was at its highest magnification when, in a span of a few hours on Wednesday, the team was thrown into complete turmoil.

First, there was L.T. In a parking lot after practice, Taylor, the NFL's career sack leader and one of the best linebackers to ever play the game, told reporters that he planned to retire after this season.

It began as an off-the-cuff remark, then turned into something more serious.

"It's my last year," said Taylor, 33, who is in the final year of a three-year, \$4.5 million contract. "This is not my team. This is somebody else's team. I'm retiring. I think I've had enough."

For the last few years, Taylor has talked about retiring and playing golf. But lately Taylor, who hates to lose perhaps more than any NFL player, can't tolerate watching the Giants go downhill.

"I think I made a mistake coming back for another year," he said. "But I'm here. I've been here. 'Hey, well it's my last year. Get it over with.' It's not really fun that way."

Swirling around the Taylor turmoil were two other messy issues for the tabloids to sink their teeth into: Handley's battle with the media and the quarterback change.

Handley originally said that because a New York television station had shown him in an unflattering light — he had an argument with a newspaper writer — that he would cut back the number of times he met with the media. He also barred two photographers from practice.

Handley wouldn't talk in depth to the New York media about the



'It's my last year. This is not my team. This is somebody else's team. I'm retiring. I think I've had enough.'

Lawrence Taylor,
Giants linebacker

change in quarterbacks — Hostetler will start Sunday against the Phoenix Cardinals in place of Simms, who hurt his right elbow. So New York writers had to call Phoenix writers for quotes after Handley's conference call with them.

The Giants are being portrayed as a team out of control. The New York Post had a screaming headline that read: "Giant Mess." A gas gauge was drawn on the forehead of a huge photo of Handley. The gauge was on empty.

Reporters called NBC in an attempt to reach former Giants coach Bill Parcells, who convinced Handley to stay with the team as an assistant when Handley was con-

sidering leaving football. An NBC spokesman said Parcells would not talk about Handley.

General Manager George Young was not available to comment.

Meanwhile, all eyes will be watching Taylor for the remainder of the season. He has vowed to try to change the fortunes of his 1-3 team.

"Nobody wants to end like this," said Taylor. "I know how it gets so hard to come out here for practice. I don't blame anybody on this team. I don't blame the coach. I blame myself. I let myself get into this frame of mind. It's up to me to get myself out of that frame of mind."

For Dolphins, a Challenge

But Visiting Falcons Must Shore Up Porous Defense

New York Times Service
FALCONS (2-3) at DOLPHINS (4-0)

Key Stat: The Falcons have been outscored by 290 yards, outpassed by 54 yards and their defense has allowed an average of 32.5 points in road games. Comment: Atlanta makes its first-ever trip to Joe Robbie Stadium. For the high-flying Dolphins, this game presents an excellent challenge for their rejuvenated defense. It was outstanding against Buffalo and has little to worry about from the Falcons ground game. The Falcons passing game, however, is another matter, but Miami has enough overall balance to counter. The Dolphins are favored by 7½ points.

NFL MATCHUPS

BILLS (4-1) at RAIDERS (1-4)

Key stat: In their matchup last December in Los Angeles, the Raiders led 27-14 in the fourth quarter but lost in overtime 30-27. Comment: The Raiders finally won a game by slipping past the Giants last week but face a more potent offense and one in recent years that they have failed to solve. The 51-3 playoff shellacking two years ago remains fresh in the Raiders' minds as does their overtime loss last season in a game they should have won. The pattern continues. Bills by 7½.

EAGLES (4-0) at CHIEFS (3-2)

Key stat: Chiefs have run the ball 164 times and passed it 123. Eagles defense has not allowed 100 rushing yards in 12 straight games. Comment: Just what do the Chiefs do against the NFL's best defense when they find they cannot run the football? Coach Marty Schottenheimer loves to run and let his defense and special teams do the rest, but it will take much, much more to topple the Eagles. Philadelphia by 2½.

CARDINALS (1-3) at GIANTS (1-3)

Key Stat: Cardinals have lost eight straight road games to Giants; Giants' quarterback Jeff Hostetler in five wins over Phoenix has rushed for 147 yards and five touchdowns. Comment: The boorish way that Hostetler accepted his demotion when Phil Simms was named the Giants starter early this season was childish and foolish. Now he gets another chance to become the permanent starter and Phoenix is an excellent way to start. Hostetler during his career has averaged 5.1 yards per rush against the Phoenix defense and his scrambling and deep-strike abilities give the Cardinals more headaches. Giants by 7.

STEELERS (3-1) at BROWNS (1-3)

Key Stat: Chiefs at home team in this series has won in each of the last four meetings; Steelers' defense has made 12 interceptions. Comment: Since both teams had a bye last week, both have had extra time to prepare. Pittsburgh enters with more threats on both sides of the ball and owns a plus 141 rushing differential over opponents. That proves critical as the Steelers gain the early lead and are able to hang on by grinding the ball on the ground and running out the clock. Steelers by 3.

49ERS (4-1) at PATRIOTS (0-4)

Key Stat: 49ers have won four straight in this series; Patriots have scored only 34 points this season. Comment: At least New England can celebrate having a

second-straight sellout crowd for the first time in four years. But that's about it. The running and passing of quarterback Steve Young figures to give the Patriots fits as does the San Francisco defense. If New England uses more of its no-huddle offense, it can at least make this one respectable. 49ers by 16.

MARINERS (1-4) at COWBOYS (3-1)

Key Stat: Opponents have outpassed the Seahawks in yards 910 to 543; Cowboys receiver Michael Irvin is averaging 22.7 yards per catch. Comment: The Seattle defense has been decent since teams are averaging 17.8 points per game against the Seahawks. The Seattle offense, however, has been woeful. Expect Dallas to rebound with punch after the lopsided loss at Philadelphia. The Cowboys may be young, but they are still awfully hungry. Cowboys by 15½.

OILERS (3-1) at REDS (2-2)

Key Stat: Oilers are 2-10 in their last 12 in Cincinnati; Bengals lost 30-7 and 35-3 to Houston last season. Comment: Cincinnati's fast start, with wins over Seattle and the Raiders, has been followed by sluggish losses to Green Bay and Minnesota. To right the ship, the Bengals need more balance on offense — especially in the passing game — and a stout defensive effort against an up-tempo offense. Neither appears likely. Oilers by 7.

JETS (1-4) at COLTS (2-2)

Key Stat: Colts are not only 7-2 vs. Jets in last nine meetings but beat them 28-27 in a road game that was their only victory in '91. Comment: Colts quarterback Jeff George looks good when he's in stride and on the mark. His strong, pinpoint passing was impressive in the Colts' victory over Tampa Bay and the Jets secondary had better be ready for more. If the Jets, however, get a strong ground game, they win. Jets by 2.

RAMS (2-3) at SAINTS (3-2)

Key Stat: Three of the last four meetings — all four victories by the Saints — have been decided by a total of 14 points. Comment: The Saints have six interceptions and 13 sacks vs. Jim Everett in their last four meetings. Those numbers will swell even more because the Saints defense is playing inspired football. No team has scored more than 16 points vs. the Saints. And even though the Saints are averaging only 14.8 points per game, the Rams are not a serious threat. Saints by 9.

BRONCOS (4-1) at REDSKINS (2-2)

Key Stat: Broncos have won three straight regular season games over Redskins, including a 14-10 victory in '89 at RFK. Comment: Denver may never be able to atone for that 42-10 shelling by Washington in Super Bowl XXII, but knocking the Redskins under 500 would prove a pleasurable blow. The Redskins are still scratching their heads wondering how they lost at Phoenix, but expect them to shine in prime time. With Philadelphia up next, they need this game desperately. And get it. Redskins by 3½.

These matchups of National Football League games were written by Thomas George of The New York Times. Odds were provided by Harrah's in Las Vegas.

Sluman, Woosnam, Faldo and Price in Match-Play Semis

WENTWORTH, England — Jeff Sluman of the United States knocked Steve Ballesteros, the defending champion, out of the World Match Play golf championship on Friday.

Sluman beat the five-time champion by two holes at the end of a scrappy match in tough, windy conditions.

"I just played poorly," said the Spaniard. "I never had any momentum."

Greg Norman of Australia, a three-time winner, became the event's first injury casualty in 29 years.

Norman removed himself from the fray on the sixth hole of his second round match against Nick Price, the U.S. PGA champion, deciding that a troublesome neck injury, which was restricting his swing, could only get worse.

Nick Faldo of Britain, the world No. 1, won decisively by 5 and 3 over Mark O'Meara of the United States, whose putter failed to function in the afternoon, and will now play Price in Saturday's semifinals.

Len Woosnam turned in seven successive birdies — a record for the event — to finish off Jose-Maria Olazábal 8 and 7 for his second runaway triumph.

In Thursday's first round, he beat Norio Suzuki of Japan 8 and 6. Woosnam meets Sluman on Saturday.

Ballesteros, seeded first, set the alarm bells ringing when he fell four down after seven holes but he was level by the end of the morning round.

He twice led by a hole in the afternoon, but each time he lost the next one as he found it increasingly difficult to stay out of the trees off the tee.

One up with two to play, Sluman, 1988 U.S. PGA champion and second in this year's U.S. Open, ranned in a 12-foot (3.5-meter) par putt at the 17th.

Ballesteros followed him in from six feet and they went to the last.

Sluman played the hole perfectly and when Ballesteros missed the green with his second and pitched from trees into a bunker with his third, it was all over.

"Neither of us played well but I guess I had the better of the bad play," said Sluman. "We all know what he is and how often he's won here. But on the basis of our play this year, I felt I had a chance."

Now Sluman faces the red-hot Woosnam, the 1987 and 1990 champion, who piled up a six-hole lead over Olazábal in the morning only for it to evaporate as the afternoon round began.

Olazábal, seeded one ahead of Woosnam in fourth spot, woo the first hole and then struck three successive birdies from the third, where he chipped in from 80 feet.

But after that third birdie, from 27 feet at the fifth, Woosnam matched it from 25 feet to arrest the Spaniard's comeback.

It also galvanized the Welshman's game. He single-putted the next five greens from distances ranging from five to 28 feet and Olazábal conceded the last putt of three feet.

"It was pretty good stuff," Woosnam conceded.

Woosnam has made 22 birdies and an eagle in his two victories.

Norman was scarcely himself against Price and when his two-iron tee shot at the sixth amounted to what is described in baseball terms as "a hunt," the time was right to withdraw.

He suffered the injury, a knot in a neck muscle, sleeping awkwardly early this week.

"It wasn't getting any better and it could even get worse," said Norman.

BOOKS

THE GREAT GAME: The Struggle for Empire in Central Asia

By Peter Hopkirk. 364 pages. \$30. Kodansha International, 114 Fifth Avenue, New York, New York 10011.

Reviewed by Christopher Hitchens

ROD YARD KIPLING'S sardonic poem "The Naulakha," written in 1892, contains a quatrain which rehearses the themes of this rich and amusing history:

*And the end of the fight is a tombstone white
with the name of the late deceased.
And the epitaph reads: "A Fool lies here
who tried to hustle the East."*

Fifty years earlier, a certain Captain Arthur Conolly, who had minted the phrase "The Great Game" to describe the feverish geopolitics of Central Asia, had met some of Kipling's conditions by getting himself beheaded at the hands of the ferocious Emir of Bukhara. Even today, however, there is no tombstone. Captain Conolly and his co-conspirator, Colonel Charles Stoddart, lie somewhere beneath the main square of Bukhara, surrounded by its legendary Ark, or citadel. Conolly didn't get a lasting memorial until the publication of Kipling's "Kim" in 1901, where the boy hero (later

to give his distinguished name to the son of H. St. John Philby) says: "Now I shall go far and far into the North, playing the Great Game."

In tracing the arc of conflict and intrigue across "The Roof of the World," Hopkirk supplies plenty of intelligible reasons why it seemed reasonable to the British, who were never less than besotted in their attachment to the great possession of India, could not relax for a moment from the fear that avaricious foreigners wanted to take it from them. (That Indians might want to take it back from them was a contingency too absurd to be countenanced until after the "Mutiny" of 1857.) First Napoleon, fresh from his triumph in Egypt, was thought to be readying a force to invade India. Then, after the French falling-out with Russia and the French calamity in 1812, it was the dastardly Muscovites who seemed to harbor the ambition to drive south through Afghanistan.

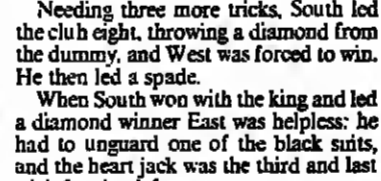
As Hopkirk elucidates, there was at least some reason to believe in the second scenario. The Russian push south into the Muslim Caucasus, and east into Siberia, is one of the great colonial expansions of world history. In very contemporary style, he rehearses the rhetoric about "warm-water ports," "spheres of influence," and "choke points" that until very recently were exercising the best brains at the U.S. State Department. The British of the early Victorian epoch reacted to the Russian menace very much as the

BRIDGE

By Alan Truscott

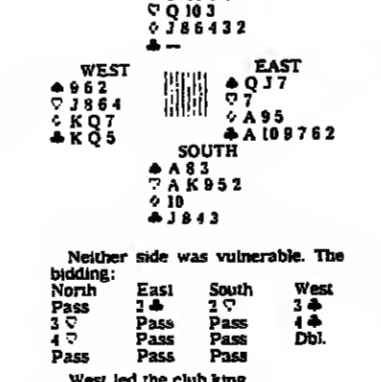
ON the diagrammed deal South landed in four hearts doubled after East's natural two-club opening, using a strong team system.

South ruffed the opening lead and led to the diamond ten. East won and led his singleton trump, which ran to dummy's ten. A diamond ruff, a club ruff and another diamond ruff followed. South cashed his two heart winners, and as West had unwisely failed to unblock his queen his ending was this:



Needing three more tricks, South led the club eight, throwing a diamond from the dummy, and West was forced to win. He then led a spade.

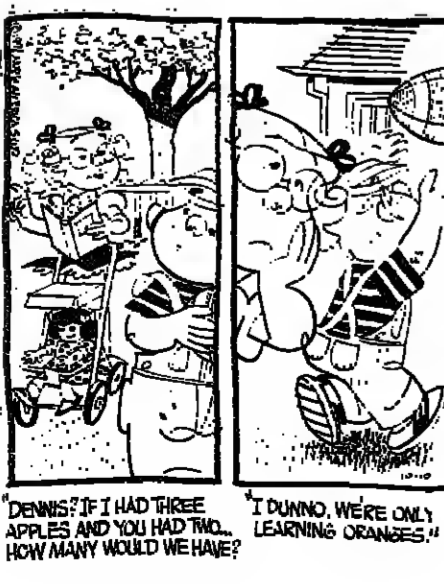
When South won with the king and led a diamond winner East was helpless: he had to unguard one of the black suits, and the heart jack was the third and last trick for the defense.



DOONESBURY



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles. One letter to each square to form four ordinary words.

KEJOR

CYREM

TISSAD

LETHEM

Print answer here: _____

(Answers: MEAD, TISSA, MACE, ELET)

Yesterday's Answer: JUMBLE ADAPT TONG GRASSY BROKEN

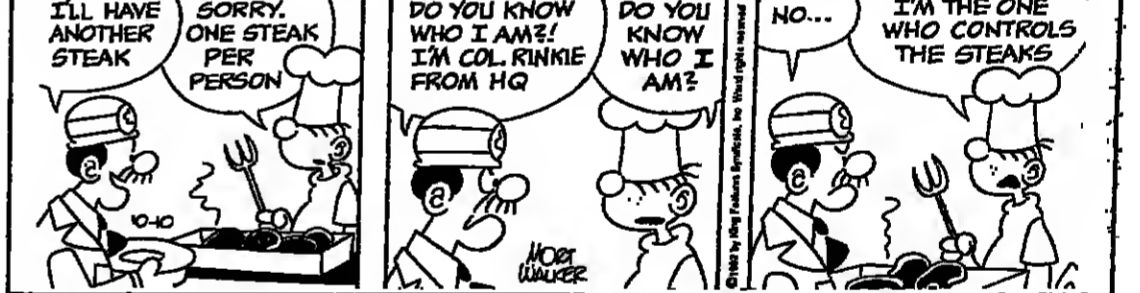
BLONDIE



PEANUTS



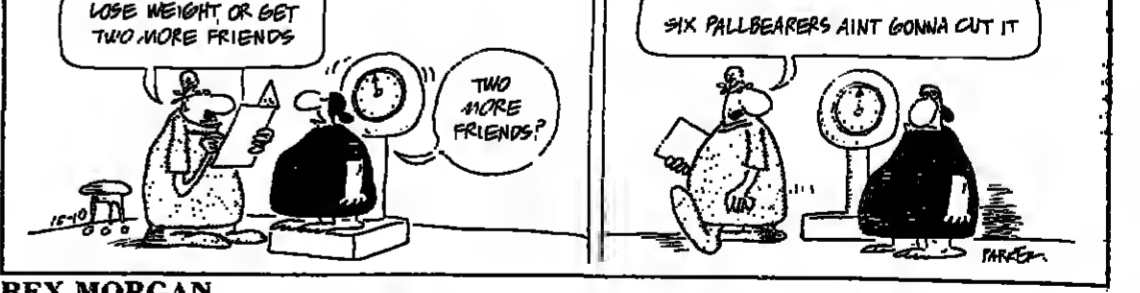
BEEBLE BAILEY



CALVIN AND HOBBS



WIZARD OF ID



REX MORGAN



GARFIELD



SPORTS BASEBALL

هذا من الأصل

Blue Jays Even Series With 3-1 Victory

Hired-Arm Cone Shuts Down A's in AL Playoff Game 2



Kelly Gruber drilled a two-run homer, as the Jays ended a seven-game string of home playoff losses.

By William Gildea

WASHINGTON Post Service TORONTO — So much for the Toronto Blue Jays' playoff doldrums. What one hired arm could not do in Game 1 of the American League championship series, another did Thursday night.

At third and a 2-0 count on the Game 1 hero, Harold Baines.

Of course it was not going to be easy for the Blue Jays to end their unprecedented streak of playoff futility. Baines singled home Sierra and Mark McGwire hit a long drive just foul into the left-field seats before Henke got McGwire on a fly ball, struck out Terry Steinbach and induced Willie Wilson to end the game on a forecourt.

That ended the Jays' string of home playoff defeats at seven and produced only their third playoff victory in their last 15 appearances. It ended an A's streak of seven straight playoff victories.

The A's manager, Tony La Russa, said his own Mike Moore, who gave up the three runs over seven innings, pitched "well

enough to win," but acknowledged that Cone was said.

"He was tough," said La Russa. For his part, Cone said he felt plenty of pressure. He wanted to please Toronto fans, while not thinking about where his free agency might take him next season.

"Naturally, you think about being called a hired gun and where you might be next year," he said, "but you try to put all that out of your mind and concentrate on this game. I know this is going to sound a little corny, but I feel very fortunate to play in the postseason with this team. Free agency is going to take care of itself."

Cone was obtained from the New York Mets in an Aug. 27 deal to do just what he did tonight. He survived a scare in the third inning when he gave up a double to Wil-

son and walked .212 hitter Walt Weiss. After Rickey Henderson fouled out for the second out, Wilson and Weiss took advantage of Cone's inability to keep base runners close by working a double steal. But Cone got Carney Lansford to bounce out to first.

Cone escaped an even closer call in the fifth when it appeared the A's had scored the first run of the game — only to have the umpires order Wilson from the dugout and back to third base.

As Wilson on second base and Mike Bordick on first were attempting a double steal, a Cone breaking ball to Weiss hit the dirt and bounced off catcher Pat Borders' mask. The ball rolled toward Toronto's dugout with Borders in pursuit. Borders slid into the dugout alongside the ball, coming up with it only after sliding through a row of betting helmets and into the dugout as Wilson headed home.

But Gaston said the play should have been ruled dead once the ball went into the dugout. The umpires agreed, ruling that Wilson was out entitled to home, only third. According to Rule 7.05(h), a runner is awarded one base when a pitched ball deflects off the catcher and goes directly into a dugout.

Given that bit of fortune, Cone then struck out Weiss and Henderson to retire the side.

When the Blue Jays broke the scoreless tie in the bottom of the inning, Kelly Gruber made certain there was no doubt. With one out and Candy Maldonado aboard on a walk, Gruber lined a first-pitch home run into the left-field seats. Knowing instantly it was gone, Gruber, who hit .229 this season, put both arms in the air.

The most unpopular Jays' regular in Toronto, a target all season of boos, ignited a fireworks display.

The Boxscore

Table with columns for Oakland and Toronto scores, innings, and player statistics.

AL and NL Playoffs and the World Series

Table listing National League Playoffs games, including Atlanta vs Pittsburgh and Atlanta vs Oakland.

Table listing American League Playoffs games, including Oakland vs Toronto and Toronto vs Oakland.

Table listing World Series games, including American League vs National League.

Key for Jays Was Knowing When to Quit

By Thomas Boswell

WASHINGTON Post Service TORONTO — As the ball rolled toward the Toronto Blue Jays dugout, with Oakland A's runners spinning around the bases, an amazing thing happened. The whole Toronto team — you know, the dumb guys — knew Rule 7.05(h).

"Let it go!" they screamed at their catcher, Pat Borders, as he slid toward the dugout, his hands inches from the tricking ball.

"Don't touch it!" they yelled, just as Borders reached to grab it.

What? Deliberately let a ball roll down your dugout steps? With Willie Wilsonounding third base and heading for home in the fifth inning of a 0-0 game? With Mike Bordick right behind him, already heading for third base?

Come on, man, you have got to pick up that ball. You have got to take your shot at Wilson of Bordick. You can't just quit and let 'em run all day.

But you can quit. In this one instance, you can and you better. And the whole stupid Blow Jays dugout, led by Manager Cito Gaston, knew it.

"That was the key play, the reprieve," said David Cone, the winning pitcher.

Only time will tell if, in that split-second, the Blue Jays came of age and came together. Thanks to that play more than any other, they beat the A's 3-1, to even the American League playoffs at a game apiece.

The Blue Jays are proud of Kelly Gruber for his two-run homer and they're happy about Cone's strong victory-pitching. But what really has them crowing is their distinctive un-Blue Jays display of brains on that crucial play.

What the Jays knew, even though most in the crowd of 51,114 were totally in the dark, is that when a ball goes into the dugout, every runner is awarded "one base" and the ball is dead.

first. They had run on a double steal as Cone threw a pitch in the dirt that bounced off Borders and, eventually, rolled into the dugout. Even though Wilson scored easily and Bordick reached third base at a trot, they each had to go back a base. Logical? Maybe not. But that's the rule — a semi-obscure one. And the Jays knew it.

Wilson, screaming and protesting, was or-

For a decade, the Jays have, a hundred times over, earned their bitterly deserved reputation as a team with cotton batting between their ears.

dered out of the A's dugout and back to third. Bordick was returned to second. Neither scored as Cone fanned Walt Weiss and Rickey Henderson to end the inning.

That was the break the Jays needed. Three batters later, they had a 2-0 lead on a walk and Gruber's homer. They never looked back. Make no mistake, Toronto needed this game desperately. Teams have lost the first two games of a seven-game series in their home park and come back to triumph. The '86 Mets did it in the World Series. But it is a rarity. When you blow the first two at home, you are supposed to be stone dead.

As soon as the Jays found their savvy, the A's seemed to lose their heads. Down two runs, Ruben Sierra was thrown out stealing in the sixth with the heart of the order due up. A rally was defused. Worse, in the eighth, with Oakland down by 3-0, Weiss tried to go from second to third on a fly to left. That is only a good gamble if you are safe by 10 feet. If you're out, it's a horrid mental mistake. Candy Maldonado threw Weiss out.

It is hard to overestimate how important it is to the Jays to establish their credibility as an intense, alert team in this reformed era of Jack Morris, Joe Carter and Dave Winfield. For a decade, the Jays have, a hundred times over, earned their bitterly deserved reputation as a team with cotton batting between their ears.

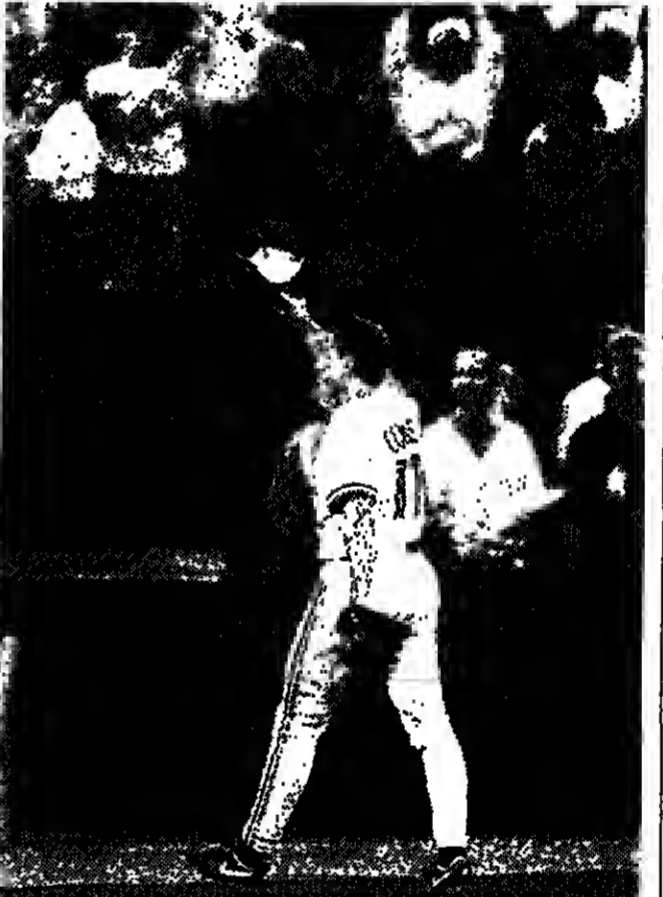
This game was vital for the Jays because, all summer long, they have played on cruise control. They won just enough, never straining themselves too much, keeping the nprst Baltimore Orioles and, in the final days, the Milwaukee Brewers comfortably at bay. The Jays never faced a truly crucial series.

When the Jays did not wrap up their division as swiftly as they might, management traded young prospects for Cone, the sport's strikeout leader. You see, baseball is usually pretty luxe for the Jays. They play in a building as big as a city. They drew 4 million fans, no two of whom have ever booted at the same time. They never get a bad hop on their AstroTurf. If it gets an itchy-bitty bit chilly, they close the roof. Their life is either balmy or climate-controlled.

So, in Game 2, it was fair to wonder if the Jays were capable of a real sense of urgency. After the A's stunning Game 1 win, which Harold Baines broke up a 3-3 tie with a ninth-inning homer off Morris, not one Blue Jay talked about Game 2 being a Must Game.

The A's offer such a contrast. They truly understand urgency. They are about to be blown to bits, and they know it. They have so many free agents, all worthy of big contracts, that A's management, with its middling budget, freely acknowledges that the team will probably lose a couple of its present stars.

The A's are intense every night. Will the Jays match them, or merely rise to the occasion when they are as desperate as they were in Game 2? Was Borders' play, and his teammates' help, an omen? Or was it just a temporary reprieve for a team that loves to ride on cruise control? We'll find out. The A's are in a bad mood, and they are going back home, too.



With a tip of his hat, a triumphant David Cone exited in the ninth.

SCOREBOARD

HOCKEY

Table showing NHL Standings for various teams.

Table showing MALES CONFERENCE and FEMALE DIVISION results.

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Table showing MALES CONFERENCE and FEMALE DIVISION results.

THURSDAY'S RESULTS

Table showing baseball results for Thursday's games.

Table showing baseball results for Thursday's games.

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SPANISH FIRST DIVISION

Table showing Spanish First Division results.

Table showing Spanish First Division results.

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SIDELINES

Filipinos Urge Little-League Change

MANILA (AP) — Little League Baseball Philippines Inc. on Friday demanded the resignation of the International Tournament Committee that stripped the Philippines of the league's world series title.

The Philippine league said in a statement that the committee should be replaced with new members to "immediately review and recall the illegal decision of the body."

A Little League official in Williamsport, Pennsylvania, on Friday demanded the decision, citing a violation of rules. The Philippine team, according to Little League, used players who were out of the district represented by the team.

Edberg Routs McEnroe in Sydney

SYDNEY (AP) — Stefan Edberg on Friday ended John McEnroe's dream of one last title in Australia, disposing of McEnroe in straight sets in the quarterfinals of the Sydney Indoor tennis tournament.

McEnroe provided echoes of his past glories, bawling fans and officials alike, but he could do little against a rejuvenated Edberg, who won handily, 6-3, 6-3. McEnroe won the event in his four previous appearances, from 1980 to 1983, and had said he wanted to end a winner in what is likely to be his final tennis appearance in Australia.

For the Record

The 76th Giro d'Italia cycling race will start on Elba, the Mediterranean island where Napoleon was exiled in 1814, on May 23. The race will move to the Italian mainland on May 24 and end on June 13.

Bernhard Langer of Germany shot a course-record 65 to move into first place in the Honda Open golf tournament on Friday in Hamburg. He moved from third to first with a total of 134, three strokes ahead of Roger Chapman of England.

Michael Jordan, star of the National Basketball Association's Chicago Bulls, has been subpoenaed to testify in the money-laundering trial of a convicted cocaine dealer, James (Slim) Butler, according to two North Carolina newspaper, The Gaston Gazette and Charlotte Observer. (AP)

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DAVE BARRY

Danger! Barfed Fish

MIAMI — It's time for our popular feature, Deceased Animals to the News. Our big story this week, as you have no doubt guessed, concerns the federal government's program to give away frozen oil-soaked semi-decomposed animal carcasses.

and scooped up the cow (a cormorant, being a member of the ant family, can lift 850 times its own weight), soared to approximately 2,000 feet, realized it had bitten off more than it could chew and woofed on the Penn State Arts Building.

This item alone is not cause for alarm. According to the surgeon general, the odds are that fewer than 17,000 Americans will be killed during this fiscal year by barfed fish falling at 120 miles an hour.

We found out about this program in the Aug. 11, 1992, issue of the Federal Register, which states that the government is making available to the public, for a limited time, the carcasses of thousands of birds and mammals that became deceased in 1989 when the Exxon oil tanker Valdez failed to observe a "YIELD TO LEFT" sign.

'1492': Movie Lands on Wrong Shores

By Vincent Canby New York Times Service

NEW YORK — Much in the way that the mind and motives of Christopher Columbus continue to elude historians, the drama of his life continues to baffle those who would make coherent movies about him.

First there was Ilya and Alexander Salkind's "Christopher Columbus: The Discovery," the indistinctly funny swash-buckler seen here in August. Now comes the far more ambitious "1492: Conquest of Paradise" directed by Ridley Scott, written by Rosemary Bosch, and starring Gerard Depardieu as a very idealistic, optimistic Columbus, caught midway between the known world of historical facts and the filmmakers' imaginations.

The film, which actually begins some years before 1492 and ends some years later, starts off with a lot of solemn and often conventionally effective scene-setting as Columbus's son and biographer, Gerardo, recalls his father, the dreamer of impossible dreams.

"I want to travel all over the seas," the father tells the young Fernando as they stand in handsome profile gazing toward the western horizon. "I want to get behind the weather."

Approximately 45 minutes and several three-room scenes later, Columbus sets sail from Spain on the voyage that would end in what some call the great discovery of the New World and others deride as the cruel invasion of a world that had always been there.

The film that follows is a decent, if primitive sort of recap of Columbus's four voyages (condensed into two), his initial triumphs, his disgrace and his final neglect as others receive credit for his accomplishments.

"1492" is not a terrible film. Yet because it is without any guiding point of view, it is a lot less interesting than the elaborate physical production that has been given it. Only a very great writer could do justice to all the themes that Columbus's story suggests.

With the great hulking figure of Depardieu at its center, the movie at least has the presence of an actor who can suggest what the screenplay never pursues with any consistency. At the beginning of "1492," this Columbus is both a dreamer of unknown worlds and the hustler he had to be to secure backing for his first voyage.



Christopher Columbus (Gerard Depardieu) meets Indians: "Nobody ever said this would be easy."

signed by angry Indians and sabotaged by jealous courtiers, he is suddenly revealed to be a Utopian.

"You treat Indians as the equals of Europeans," says one disgruntled colleague. "What do you want?"

Answers Columbus, "I want a new world." The movie would seem to agree that the Spaniards treated the Indians badly right from the start, but Columbus's complexity is ignored. He's as shocked as the Indians.

As the movie goes relentlessly on, and as Scott more and more frequently fills the air with rain, mist, fog, smoke or dandelion fluff, dramatic invention runs out. With his dreams of wealth and fame collapsing, all Columbus can say is, "Nobody ever said this would be easy."

That line appears to be an original inspiration, which can't be said of Columbus's

pep talk to his men the night they threaten mutiny on the first voyage: "In time they will talk about the courage of the men who crossed this ocean, and then you can say, 'I was on the Niña.' 'I was on the Pinta.' 'I was on the Santa Maria.'"

The members of the supporting cast have even less to work with than Depardieu. Sigourney Weaver is surprisingly effective as Queen Isabella. She plays straight and true and looks regal, even when having to say, at the end, "The New World is a disaster."

Armand Assante, Fernando Rey, Frank Langella and John Heffernan are among the familiar faces that from time to time peer out around the historical personages.

The most riveting supporting actors both play bad guys. Michael Wincott,

wearing his hair long in 1960s hippie style, appears as the young Spaniard who precipitates the revolt in Hispaniola. Mark Margolis is similarly impressive as the Spanish noble who shows up in Hispaniola to give Columbus his walking (sailing) papers back to Spain.

The scenery is impressive, including some of Spain's grandest old palaces and cathedrals. The film's other principal location was Costa Rica, which passes out only for all of the various islands Columbus visited, but also for Palos, the small Spanish port from which Columbus sailed on his first voyage.

The special effects are also good, especially a hurricane that sweeps down on Columbus at one point as if it were the hand of God, though just what God might be thinking remains as fuzzy as the ideas of the filmmakers.

PEOPLE

Paris Opera Audience Cheers Ailing Nureyev

Rudolf Nureyev got a 10-minute standing ovation after the premiere of his new choreography for "La Bayadere" at the Paris Opera Grand Theatre from a full house led by Culture Minister Jack Lang and Paris Opera president, Pierre Bergé.

Yes, indeed, it's a material world: Madonna was just sending in to her Ritz Paris suite when she learned the French government was preparing an income tax bill of 10.4 million francs (\$2.1 million) based on earnings from two 1987 concerts, according to the daily newspaper Liberation. It said she had never declared the income.

His name is familiar — Hoagy Carmichael — and so are the songs in the show he is narrating at a Manhattan club. They were written by his father, Hoagy Carmichael, who died in 1973.

R. W. Apple Jr. will become The New York Times' Washington bureau chief on Nov. 4, succeeding Howell Raines, who was recently named editor of the editorial page.

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Large vertical advertisement on the right side of the page, featuring a woman's face and text including 'The Indians of 1492' and 'U.S. Columbus'.